

FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2023



FINANCIAL INTELLIGENCE UNIT OF SRI LANKA

ANNUAL REPORT 2023

Financial Intelligence Unit of Sri Lanka



ISBN 978-624-5917-63-1

CONTENTS

	Page
LIST OF ACRONYMS	6
YEAR AT A GLANCE 2023	8
NATIONAL COORDINATING COMMITTEE CHAIRMAN'S MESSAGE	9
FINANCIAL INTELLIGENCE UNIT DIRECTOR'S MESSAGE	11
FUNCTIONAL ORGANIZATIONAL CHART OF THE FIU-SRI LANKA	13
VISION, MISSION, AND STRATEGIC GOALS.....	14
CHAPTER 01: MANAGEMENT OF INTELLIGENCE.....	15
1.1 Introduction	15
1.2 Receiving Suspicious Transaction Reports (STRs) and Collecting Data/Information.....	15
1.3 Analysing STRs and Actions Taken.....	20
1.4 Advanced Analysing STRs and Actions Taken.....	22
BOX ARTICLE - 1 : Trade Based Money Laundering (TBML)	24
CHAPTER 02: DOMESTIC AND INTERNATIONAL COOPERATION	26
2.1 Introduction.....	26
2.2 Domestic Cooperation	27
2.3 International Cooperation	30
BOX ARTICLE - 2 : National ML/TF Risk Assessments of Sri Lanka	33
CHAPTER 3: INSTITUTIONAL COMPLIANCE.....	36
3.1 Introduction.....	36
3.2 ML/TF Risk Assessment	36
3.3 Supervision of FIs	39

3.4	Supervision of DNFBPs	47
	BOX ARTICLE - 3 : Why does CDD matter?	52
	BOX ARTICLE - 4 : AML/CFT Measures for Gem and Jewellery Sector in Sri Lanka	54
CHAPTER 4: CAPACITY BUILDING		56
4.1	Introduction.....	56
4.2	International Training Opportunities During 2023.....	56
4.3	Local Training Opportunities during 2023	58
CHAPTER 5: AWARENESS PROGRAMMES.....		59
5.1	Introduction.....	59
5.2	Seminars and Workshops Organized by the FIU-Sri Lanka	59
5.3	Depth and Breadth of Awareness Programmes Conducted by the FIU – Sri Lanka	62
5.4	Awareness through Print and Electronic Media	63
CHAPTER 6: IT INFRASTRUCTURE FOR REPORTING		64
6.1	Introduction.....	64
6.2	LankaFIN Online Reporting System.....	66
6.3	goAML Online Reporting System	66
6.4	Threshold Reporting Statistics	67
6.5	Publications in the FIU-Sri Lanka Website	72
CHAPTER 07 : TYPOLOGY ANALYSIS AND CASE STUDIES		74
	TYPOLOGY 1: Investment Scam Involving Cryptocurrency	74
	TYPOLOGY 2: Trade Based Money Laundering	76
	TYPOLOGY 3: Involvement of a Politically Exposed Person in a Bribery and Corruption-Related to Money Laundering Scheme.	78
	TYPOLOGY 4: Task Scams.....	80

CASE STUDY 1: Transaction Monitoring to Identify Suspicious Activities for Money Laundering and Terrorist Financing Through Financial Institutions	81
CONTACT US.....	83
PHOTO GALLERY.....	84
Appendix A: List of Rules/Directions/Guidelines Issued from 2006 to 2023.....	95
Appendix B : Reporting Institutions as at 31 December 2023	101

LIST OF ACRONYMS

ADB	-	Asian Development Bank
AML	-	Anti-Money Laundering
APG	-	Asia Pacific Group on Money Laundering
BSD	-	Bank Supervision Department
CBSL	-	Central Bank of Sri Lanka
CDD	-	Customer Due Diligence
CFT	-	Countering the Financing of Terrorism
CID	-	Criminal Investigation Department
CIABOC	-	Commission to Investigate Allegations of Bribery or Corruption
CIDA	-	Construction Industry Development Authority
CMA	-	Condominium Management Authority
CNI	-	Chief of National Intelligence
CO	-	Compliance Officer
CSTFA	-	Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
CTs	-	Cash Transactions
CTID	-	Counter Terrorism and Investigation Division
CTRs	-	Cash Transactions Reports
DFE	-	Department of Foreign Exchange
DMI	-	Directorate of Military Intelligence
DNFBPs	-	Designated Non-Finance Businesses and Professions
DRC	-	Department of Registration of Companies
DSNBFI	-	Department of Supervision of Non-Bank Financial Institutions
EFTs	-	Electronic Fund Transfers
ESW	-	Egmont Secure Web
FATF	-	Financial Action Task Force
FIs	-	Financial Institutions
FIU	-	Financial Intelligence Unit
FIU-Sri Lanka	-	Financial Intelligence Unit of Sri Lanka
FTRA	-	Financial Transactions Reporting Act, No. 6 of 2006
ICs	-	Insurance Companies
IFT	-	International Fund Transfer
IRCSL	-	Insurance Regulatory Commission of Sri Lanka
KYC	-	Know Your Customer
LBs	-	Licensed Banks
LC	-	Largely Compliant
LCBs	-	Licensed Commercial Banks
LEAs	-	Law Enforcement Agencies
LFCs	-	Licensed Finance Companies
LSBs	-	Licensed Specialized Banks
MEC	-	Mutual Evaluation Committee
MER	-	Mutual Evaluation Report


ML	-	Money Laundering
MOD	-	Ministry of Defence
MOU	-	Memorandum of Understanding
MVTS	-	Money or Value Transfer Services
NCC	-	National Coordinating Committee
NGJA	-	National Gem and Jewellery Authority
NGOs	-	Non-Governmental Organizations
NSNGO	-	National Secretariat for Non-Governmental Organizations
NPOs	-	Not-for-Profit Organizations
NRA	-	National Risk Assessment
PC	-	Partially Compliant
PEPs	-	Politically Exposed Persons
PMLA	-	Prevention of Money Laundering Act, No. 5 of 2006
PNB	-	Police Narcotic Bureau
PSD	-	Payment and Settlements Department
RAs	-	Regulatory Authorities
RAPs	-	Rapid Action to Prevent Scams
RDs	-	Restricted Dealers (formerly Authorized Money Changers)
RI	-	Reporting Institutions
RTI	-	Right to Information
SBs	-	Stock Brokers
SEC	-	Securities and Exchange Commission of Sri Lanka
STRs	-	Suspicious Transaction Reports
TCSPs	-	Trusts and Company Service Providers
TF	-	Terrorist Financing
TFS	-	Targeted Financial Sanctions
UNODC	-	United Nations Office on Drugs and Crime
UNSCRs	-	United Nations Security Council Resolutions
VAs	-	Virtual Assets
VASPs	-	Virtual Asset Service Providers

YEAR AT A GLANCE 2023




Sri Lanka published National ML/TF Risk Assessment for Sri Lanka 2021/2022






FIU shared information with foreign counterpart FIUs





FIU - Sri Lanka,
Made 34 requests
Responded to 13 requests from counterpart FIUs



FIU - Sri Lanka Received,
5.8 Mn CTs
14.4 Mn EFTs
0.5 Mn IFTS

-  23 on-site examinations and 2 spot examinations of FIs
7 DNFBP on-site examinations
-  64 Off-site examinations (FIs)
-  2 Follow up examinations (FIs)
-  16 Joint Supervisions
-  16 Warning Letters were issued


Reporting institutions and public reported,
1,370 STRs
108 Public Complaints
508 LEA requests received from LEAS/RAs



FIU imposed penalties on 13 FIs totalling to Rs. 21.2 Mn




Update notifications sent on the UN Security Council Sanctions lists pursuant to UNSCR 1373, 1267, 1988, 1989, 2253 and subsequent resolutions on Al-Qaeda, ISIL and Taliban Terrorists

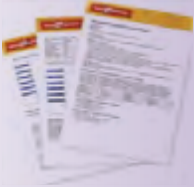


The FIU - Sri Lanka conducted
58
Awareness Programmes


Over 5,000 Participants



FIU issued,
2 Guidelines
3 Circulars
4 Press Notices
5 Red Flag Indicators



4 Thematic Reviews on TBML, Compliance and Pawning by LFCs and MVTs were conducted.



NATIONAL COORDINATING COMMITTEE CHAIRMAN'S MESSAGE



I am pleased to share the Annual Report of FIU - Sri Lanka which highlights the performance of the FIU - Sri Lanka in 2023. Focusing on the objective of preserving overall integrity and stability of the financial system in line with the international standards, the FIU-Sri Lanka has demonstrated notable achievements as the focal point responsible to strengthen Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime of the country. AML/CFT National Coordinating Committee (NCC), as the advisory body that maintains national level coordination among stakeholders, provided necessary guidance and support in the implementation of measures relating to AML/CFT in Sri Lanka.

In recent times, detection and prevention of money laundering (ML) and terrorist financing (TF) have become challenging as money launderers and terrorist financiers are using increasingly sophisticated methods to exploit vulnerabilities of the financial system and advance their illicit activities. In this effort, as per the Recommendations established by the Financial Action Task Force (FATF), the global policy setter on AML/CFT, the FIU-Sri Lanka has coordinated the National Risk Assessment (NRA) under the guidance of the NCC since 2021. The NRA was successfully completed with a wide range of experts from public as well as private sector. This assessment involved representatives from a large number of key government and private sector institutions of Sri Lanka. The aim of the NRA was to identify, understand and assess the most significant ML/TF threats, vulnerabilities, and risks faced by Sri Lanka. The sanitized version of the NRA outcomes has been published. The NRA and its results has provided valuable guidance in articulating National AML/CFT policy for the country for five years period from 2023-2028 with the approval of Cabinet of Ministers. The National AML/CFT Policy addresses the risks identified by the NRA and provide guidance on allocating resources to the areas that have the greatest impact in the fight against ML/TF. Aiming at implementing the priority areas in the National AML/CFT Policy at the institutional level, the Stakeholder-wise Action Plans which were also approved by the Cabinet of Ministers to improve the effectiveness and technical compliance level of AML/CFT framework of the country were provided to the relevant competent authorities (CAs),

regulatory authorities (RAs), law enforcement agencies (LEAs) and other relevant agencies. The AML/CFT Policy and the Action Plans provide a detailed roadmap of the actions that the Sri Lanka should take to further strengthen its AML/CFT regime.

Preparations are underway for Sri Lanka's next Mutual Evaluation (ME) which is scheduled to commence in March 2026 coordinated by the Asia Pacific Group on Money Laundering (APG). A five-member AML/CFT Task Force was appointed by the Cabinet of Ministers to follow-up the progress of implementation of the said institutional-wise Action Plans to strengthen Sri Lanka's AML/CFT framework. This demonstrates Sri Lanka's political commitment to implement an effective system to deliver the requirements of the FATF. Further, a high-level delegation from the APG visited Sri Lanka during 6-8 September 2023 and met with the H.E. the President, the Hon. Chief Justice and Senior Justices of the Supreme Court, the Minister of Foreign Affairs, the Hon. Attorney General, the Governor of the CBSL, etc. Continuous support of the NCC was given throughout the year for its stakeholders to improve their cooperation and policy development process within the AML/CFT regime.

The FIU has been actively involved in bringing-up necessary legislative amendments to further strengthen the legal framework on AML/CFT in Sri Lanka, and to ensure smooth functioning of the same while adhering to international standards. The FIU is in the process of introducing amendments to its key laws and has participated in active discussions on drafting proceeds of crime law for Sri Lanka. The FIU has also expanded cooperation with domestic stakeholders via introducing new measures, such as public-private partnership measures and carried discussions on further strengthening domestic cooperation via signing of Memorandums of Understanding (MOUs). Similarly, the FIU - Sri Lanka has further strengthened their collaboration, in terms of intelligence sharing and support with international counterparts through signing MOUs. The FIU together with its stakeholders continued to steer Sri Lanka in further strengthening the country's AML/CFT framework.

As the Chairman of the NCC, I invite all the stakeholders to ensure Sri Lanka's compliance towards international standards with their highest commitment. While appreciating all the efforts taken, and the resources allocated by the relevant CAs, RAs, LEAs, including the FIU - Sri Lanka and the private sector institutions in this regard, I wish all stakeholders involved every success in their endeavours.

Dr. P Nandalal Weerasinghe

Governor of the Central Bank of Sri Lanka

Chairman of the AML/CFT National Coordinating Committee

FINANCIAL INTELLIGENCE UNIT

DIRECTOR'S MESSAGE



The FIU-Sri Lanka persisted in its efforts during 2023 to enhance the AML/CFT regime of the country aligning closely with the statutory mandates outlined in the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) and international standards. The FIU-Sri Lanka had another productive year with significant accomplishments such as publishing the NRA Sanitized Report and the National AML/ CFT Policy for 2023 - 2028.

The NRA 2021/22, a self-assessment encompassing a series of recommendations to strengthen the AML/CFT framework of Sri Lanka spotlighted the most significant ML/TF threats, vulnerabilities and risks faced by Sri Lanka. Acting as the national agency tasked with strengthening the AML/CFT regime of the country, the FIU Sri Lanka played a pivotal role in the risk assessment process and coordinated closely with around 150 officials from 66 stakeholders representing public and private sectors. The overall ML/TF risk for the country was assessed as "Medium". The NRA identified Drug Trafficking, Bribery and Corruption, Customs related Offences including Laundering of Trade-Based Proceeds, as the most prevalent predicate offences, with a "Medium High" ML threat rating.

The NRA played a pivotal role in shaping the National AML/CFT Policy 2023 - 2028 which addresses identified deficiencies and highlights the need of implementing recommended measures of the risk assessments, to ensure that the country effectively manages the ML/TF risks. The Cabinet approved Action Plans of key stakeholders pay urgent attention to improve the effectiveness and technical compliance level of the AML/CFT framework of those institutions. Moreover, the AML/CFT Task Force which is assigned with overseeing the aforesaid Action Plans, worked closely with all stakeholders through systematic monitoring during 2023 to ensure that actions have been initiated to address identified gaps comprehensively, timely and effectively by the relevant institutions.

The FIU-Sri Lanka made significant efforts in strengthening its core function as well as the other operations during the year 2023. It received 1,370 and 108 Suspicious Transaction Reports (STRs) from Reporting Institutions (RIs) and general public, respectively, while receiving 508 information requests from LEAs, RAs, Intelligence Agencies (IAs). In 2023, the threshold

reporting was in the process of migration from LankaFIN system to the goAML system. The FIU-Sri Lanka received 5.8 million Cash Transactions (CTs), 14.4 million domestic Electronic Fund Transfers (EFTs) and 0.5 million International Fund Transfers (IFTs) exceeding the value of Rs. 1.0 million or its equivalent in foreign currencies through the goAML system. With the completion of the migration process for all RIs from the previous reporting system, LankaFIN to new goAML system in 2024, these numbers are expected to increase.

The staff of the FIU-Sri Lanka were further equipped with advance knowledge and skills received at a number of domestic as well as foreign training and knowledge sharing sessions. The FIU staff were also assigned as resource persons for a considerable number of awareness sessions conducted in Sri Lanka as well as abroad. In 2023, the FIU-Sri Lanka provided three of its trained assessors for three country assessments conducted by the APG, our FATF style regional body.

Another key initiative taken in 2023 was further strengthening of the risk-based AML/CFT supervision for Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs). In order to ensure institutional compliance, the FIU-Sri Lanka conducted several risk-based on-site examinations, follow-up examinations on FIs and DNFBPs including joint examinations with relevant RAs.

The FIU-Sri Lanka issued several circulars and guidelines to the RIs, emphasizing the need of careful vigilance for compliance issues and reminding them to follow the previously issued guidelines and mandatory reporting formats under the FTRA. Additionally, a guideline on AML/CFT compliance for Attorneys-at-Law and Notaries and a circular focusing on institutional compliance in the real estate sector were also issued.

In 2023, the FIU-Sri Lanka entered into 4 new MOUs with Lao PDR, Timor-Leste, Kingdom of Lesotho and Uganda to facilitate the sharing of information and intelligence to facilitate investigations and prosecution of ML/TF. Accordingly, the total number of MOUs signed with foreign counterparts increased to 44.

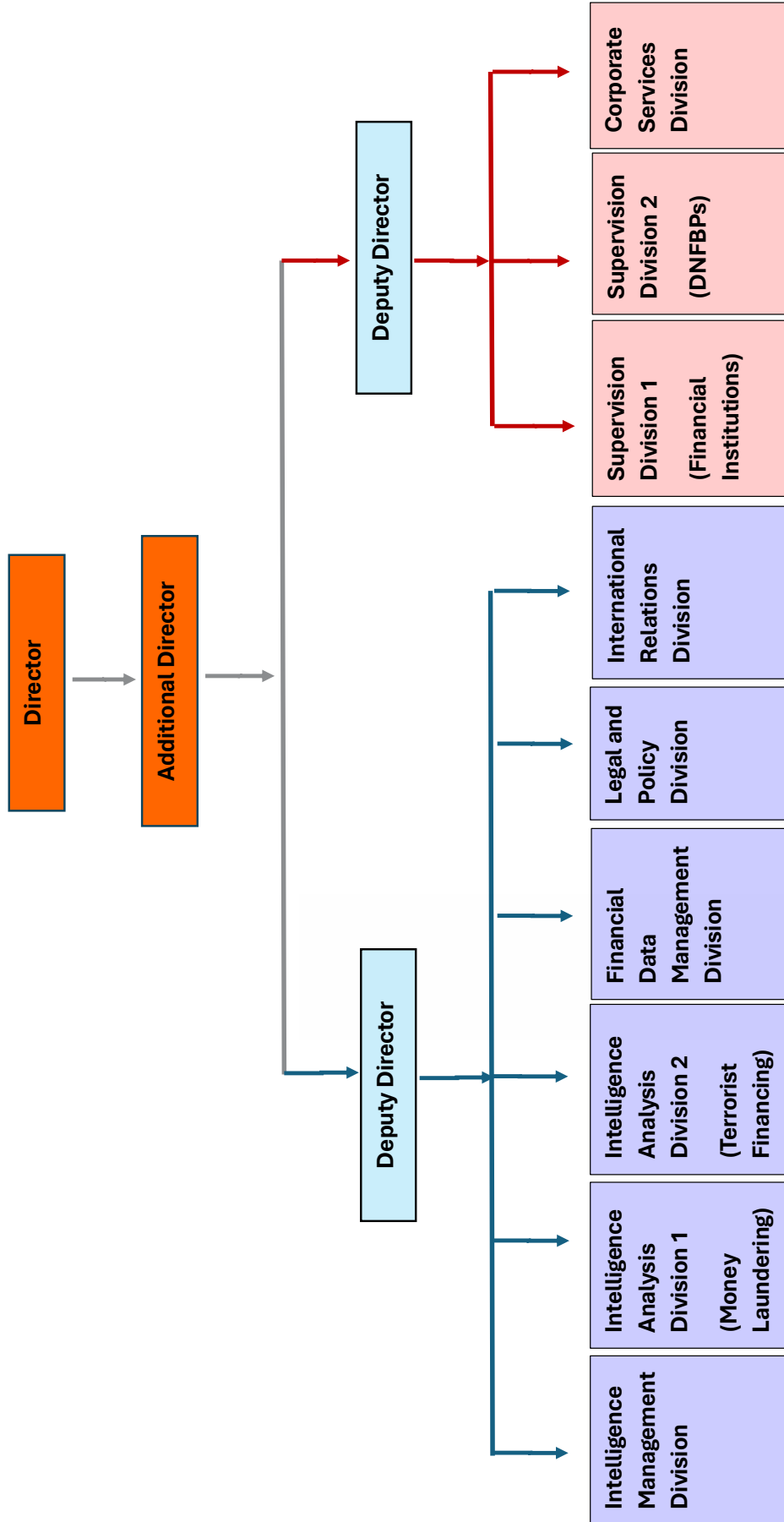
Looking ahead, the FIU-Sri Lanka will continue with country's preparations for the third ME which is scheduled to commence in March 2026. During this evaluation process, effectiveness in implementing measures to combat ML/TF will be scrutinized. Therefore, the collaborative endeavours of all key stakeholders will be vital in ensuring the effective and efficient implementation of Sri Lanka's AML/CFT framework. This will support the country to enhance its compliance level and successfully meet the expectations of the forthcoming ME.

Dr. (Mrs.) Subhani Keerthiratne

Director

Financial Intelligence Unit of Sri Lanka

FUNCTIONAL ORGANIZATIONAL CHART OF THE FIU-SRI LANKA



VISION, MISSION, AND STRATEGIC GOALS

VISION

To be the trusted focal agency committed to prevent Money Laundering and Counter Financing of Terrorism ensuring financial integrity, safety and security

MISSION

To provide actionable financial intelligence and lead national efforts by effectively partnering with domestic and global stakeholders in combating Money Laundering and Terrorism Financing

STRATEGIC GOALS

Facilitate strengthening the AML/CFT regime in Sri Lanka and upgrading AML/CFT compliance status of Sri Lanka to be on par with the internationally accepted standards and FATF Recommendations

Facilitate the prevention, detection, investigation and prosecution of the offences of Money Laundering and Terrorist Financing (ML/TF) and Implement an effective intelligence management framework

Strengthen the AML/CFT supervisory framework of FIs and DNFBPs

Ensure knowledge sharing and smooth operations of the Department

Enhance AML/CFT Awareness and Communication

CHAPTER 01 MANAGEMENT OF INTELLIGENCE

1.1 Introduction

Managing of financial intelligence is the core function of the FIU-Sri Lanka. It includes reception, analysis and dissemination of financial intelligence which is handled by the Intelligence Management Division (IMD) of the FIU-Sri Lanka. In addition, Intelligence Analysis Division 1 and 2 (IAD 1 and 2) were established in 2022 for development of ML and TF related intelligence through advance analysis as needed. Initially, all the STRs are received by the IMD and subsequently assigned to the IADs for an in-depth analysis following the preliminary analysis.

Table 1.1
Key Activities and Sub Activities relevant to Management of Intelligence

Key Activity	Sub Activities
Receiving STRs / Collecting Data/ Information	<ul style="list-style-type: none"> • Receiving STRs from RIs on possible suspicions of ML/TF/ other criminal activities.; • Receiving information provided by the general public relating to possible suspicions of ML/TF; • Receiving information/intelligence/STRs from LEAs, IAs and RAs under the requirement of collecting financial information for their ML/TF related investigations, inquiries, or analysis; • Facilitating information requests by foreign counterparts through Egmont Secure Web (ESW).
Analysing STRs, referring for further investigations and other actions taken on STRs	<ul style="list-style-type: none"> • Analysing STRs; • Referring/ disseminating STRs to LEAs; • Disseminating information on STRs to relevant RAs; and • Issue assistance letters letters to obtain information from RIs for conducting investigations relating to ML/TF.

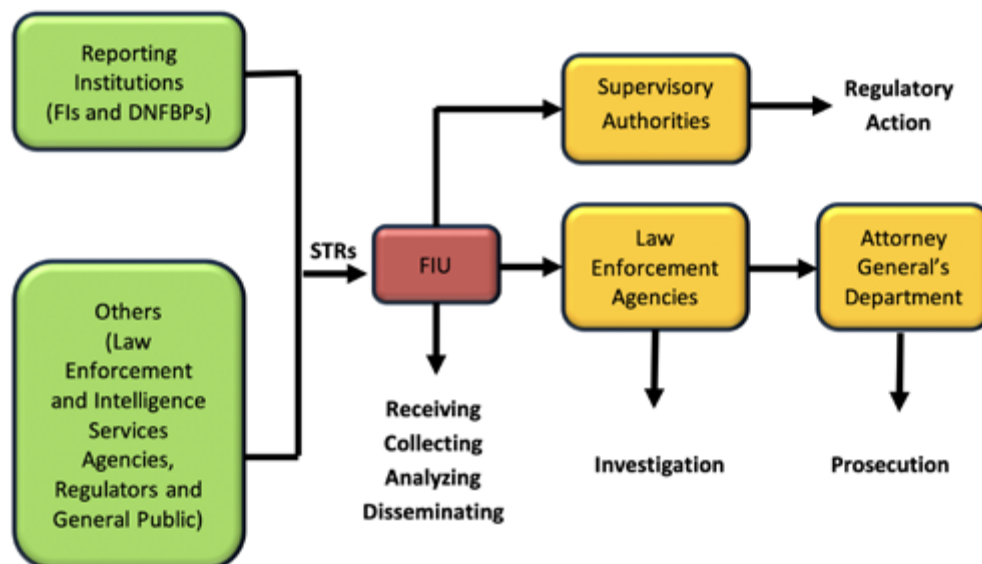
Source: Financial Intelligence Unit-Sri Lanka

1.2 Receiving Suspicious Transaction Reports (STRs) and Collecting Data/Information

As per Section 7 of the FTRA, FIU - Sri Lanka receives STRs from RIs. In addition , it receives public complaints from general public. relating to suspicions of ML/TF and related criminal offences. FIU, also

receives information requests from LEAs, IAs and RAs under the requirement of collecting financial information for their ML/TF related investigations, inquiries or analysis. Figure 1.1 below shows the intelligence management process of the FIU-Sri Lanka.

Figure 1.1
Intelligence Management Process of the FIU-Sri Lanka



Source: Financial Intelligence Unit-Sri Lanka

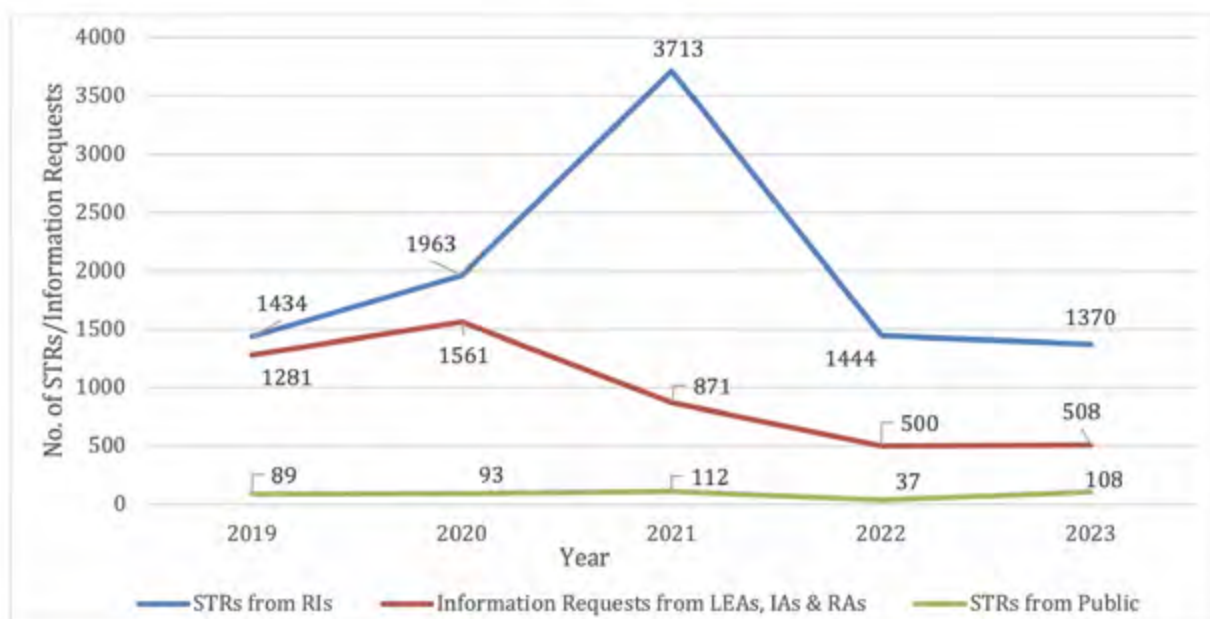
The Table 1.2 given below shows the number of STRs received under the two criteria mentioned above.

Table 1.2
STRs Reported and Information Requests made by the RIs, General Public, LEAs, IAs and RAs during 2019-2023

	Category	2019	2020	2021	2022	2023
STRs received from RIs and General Public	RIs	1,434	1,963	3,713	1,444	1,370
	Public Complaints	89	93	112	37	108
Information Requests made by LEAs, IAs and RAs	LEAs, IAs and RAs	1,281	1,561	871	500	508
	Total	2,804	3,617	4,696	1,981	1,986

Source: Financial Intelligence Unit-Sri Lanka

Figure 1.2
STRs Reported and Information Requests Made by RIs*, General Public, LEAs, IAs and RAs
During 2019-2023



Source: Financial Intelligence Unit-Sri Lanka

*RIs include Licensed Commercial Banks (LCBs), Licensed Specialized banks (LSBs), Licensed Finance Companies (LFCs), Stockbrokers (SBs), Insurance Companies (ICs), Money or Value Transfer Service (MVTs) Providers, Restricted Dealers (RDs), Primary Dealers (PDs) and DNFBPs

There was a 5% reduction of STRs reported by RIs and a 2% increase in information requests made by LEAs, IAs and RAs during 2023, compared to the previous year. Furthermore, the number of public complaints increased in 2023 to 108 from 37 in the previous year which is an increment of 192%. The increase in public complaints during the year is mainly relating to pyramid schemes and scams.

Composition of Received STRs During 2019 - 2023

RIs file STRs under suspicions of ML as well as TF. The Table 1.3 below depicts the composition of STRs based on its main suspicion.

Table 1.3
Composition of STRs and Public Complaints Reported During 2019-2023

	2019	2020	2021	2022	2023
No. of STRs on ML suspicions	1,835	3,026	3,708	1,384	1414
No. of STRs on TF suspicions	969	591	117	97	64
Total	2,804	3,617	3,825	1,481	1,478

Source: Financial Intelligence Unit-Sri Lanka

Categorisation of STRs Received During 2023

Upon receipt, STRs are categorised into various groups. The below figures depict different categorisation of the STRs received during the year 2023.

Figure 1.3
STRs Reported by the Type of RIs.

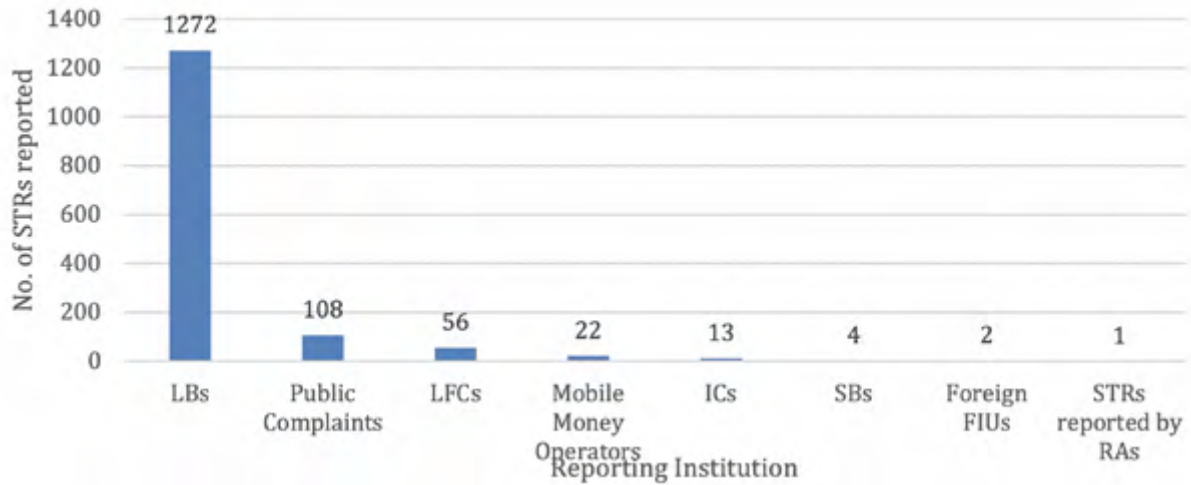


Figure 1.4
No. of STRs Reported by Product Type

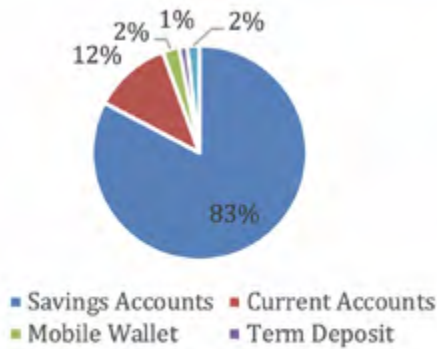


Figure 1.5
No. of STRs Reported by Customer Type

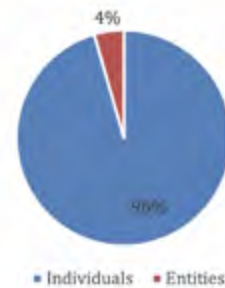
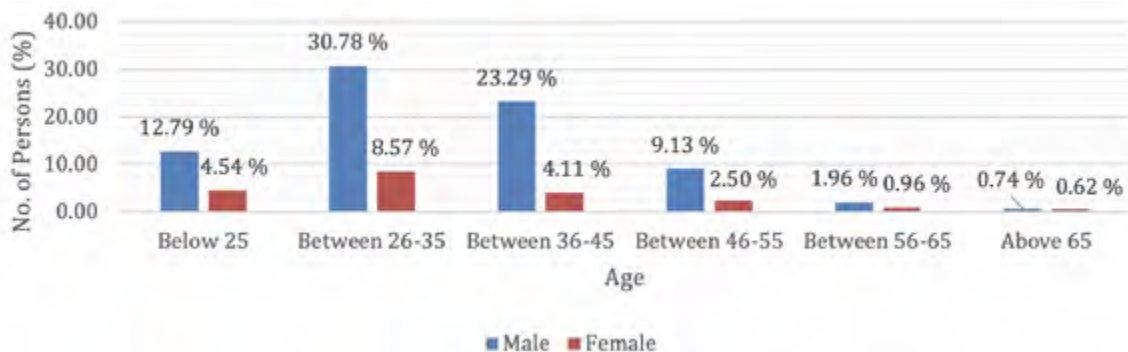


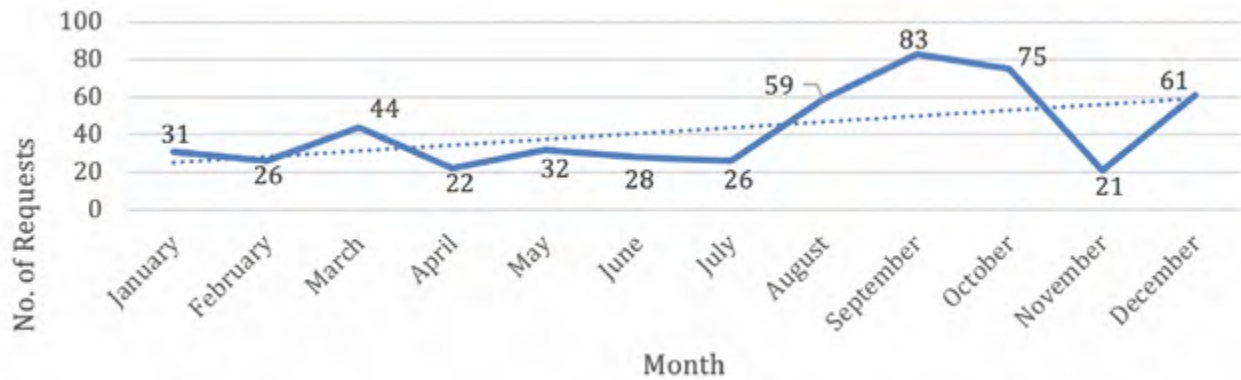
Figure 1.6
STRs Reported by Age and Gender of Customers



Facilitating Information Requests made by LEAs and Other Authorities

FIU-Sri Lanka processes information requests received from LEAs, IAs and RAs, using available data at FIU-Sri Lanka databases or collecting information as required from RIs. The total number of information requests received from above mentioned authorities for 2023 is 508. The following figure shows the number of information requests received from LEAs and other authorities each month during 2023.

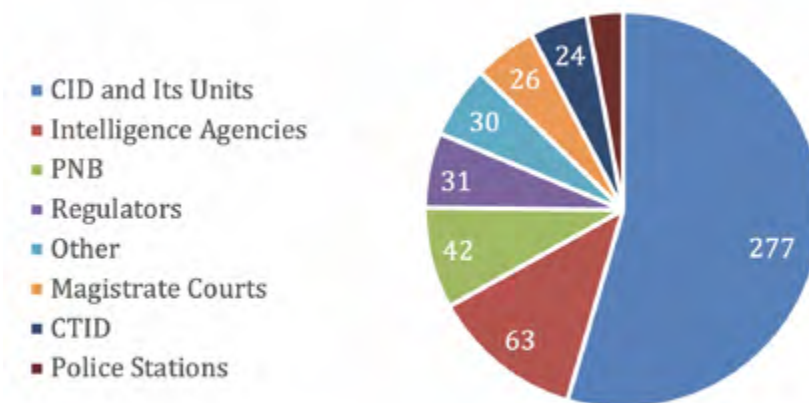
Figure 1.7
Information Requests Received from LEAs



Source: Financial Intelligence Unit-Sri Lanka

Information requests received from LEA/RAs/IAs during 2023 based on the authority type is depicted by the below figure.

Figure 1.8
Information Requests Received from LEA/RAs/IAs - By Authority Type



Source: Financial Intelligence Unit-Sri Lanka

*CID - Criminal Investigation Department, CTID - Counter Terrorism Investigation Division, PNB - Police Narcotic Bureau

1.3 Analysing STRs and Actions Taken

Referring/Dissemination of STRs to Law Enforcement Agencies (LEAs) and Regulatory Authorities (RAs)

Once an STR is reported to FIU-Sri Lanka, the preliminary analysis is undertaken by the IMD. Preliminary analysis results will be presented to Daily STR Prioritizing Committee (DSPM) and several actions such as referring the matter to relevant LEA or RA for further investigation, keeping the matter under surveillance by the RI or referring the same for advanced analysis. Table 1.4 depicts the statistics on referring/dissemination of STRs during 2023

Table 1.4
Referring/Dissemination of STRs during 2019-2023

	2019	2020	2021	2022	2023
Law Enforcement Agencies (LEAs)	1,465	2,800	1,081	473	295*
Regulatory Authorities (RAs)	9	80	92	76	81*

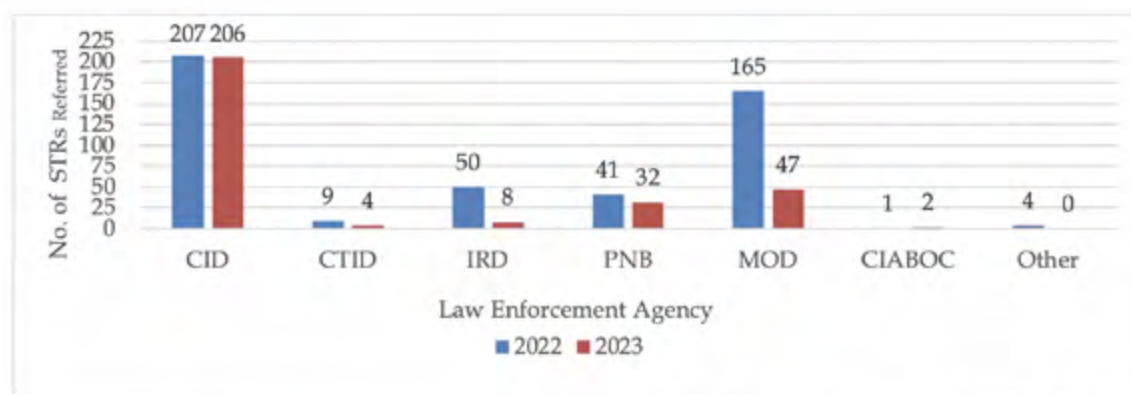
Source: Financial Intelligence Unit-Sri Lanka

*This number includes all the STRs received during 2023 which were referred to LEAs and other authorities until 01.04.2024.

Referring STRs to LEAs during 2022-2023

The following Figure 1.9 depicts the number of STRs referred to different sections of CID of the SL Police and other LEAs during 2022 and 2023.

Figure 1.9
STRs Referred to LEAs

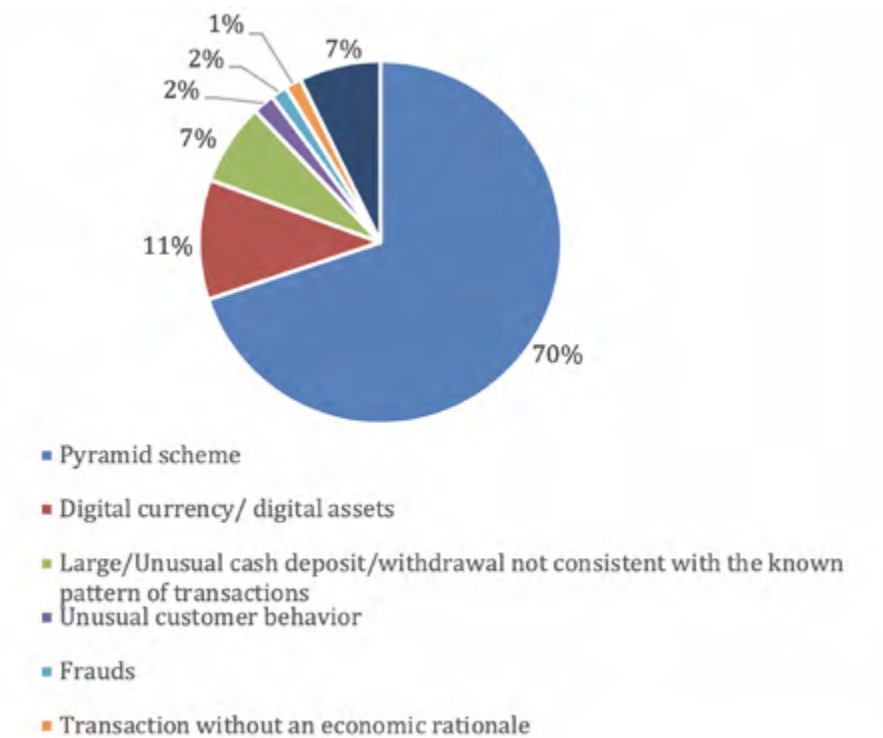


Source: Financial Intelligence Unit-Sri Lanka

Category Wise Breakdown of STRs Referred to CID

Figure 1.10 illustrates the breakdown of STRs referred to CID during 2023.

Figure 1.10
STRs Referred to LEAs

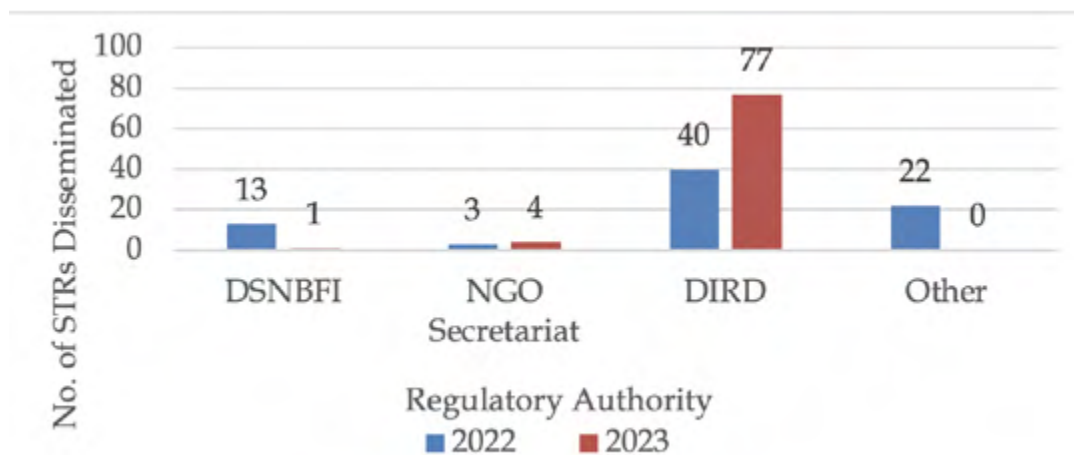


Source: Financial Intelligence Unit-Sri Lanka

Dissemination of STRs to RAs during 2022-2023

The below Figure 1.11 depicts dissemination of information of STRs for further investigations to RAs in 2022 and 2023.

Figure 1.11
Comparison of STRs Disseminated to RAs

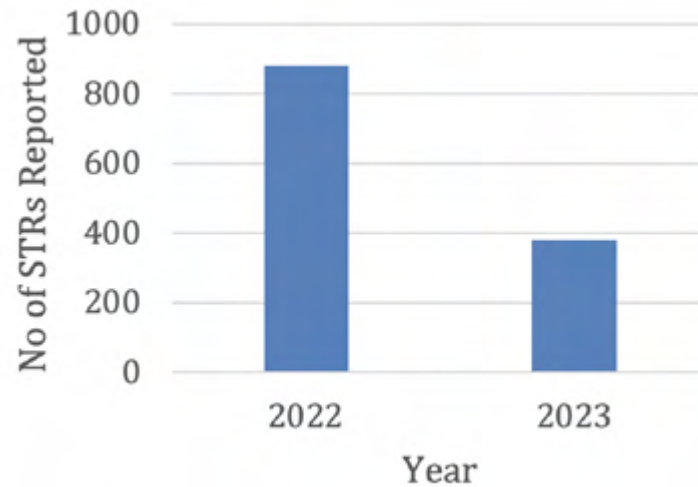


Source: Financial Intelligence Unit-Sri Lanka

STRs Kept Under Surveillance During 2022-2023

The statistics of STRs which were decided to keep under surveillance in 2022 and 2023 are given in the below Figure 1.12. In this procedure, the RI is instructed to update the STR if there are any updated activities take place or where fresh suspicion is triggered.

Figure 1.12
Comparison of STRs Kept Under Surveillance



Source: Financial Intelligence Unit-Sri Lanka

1.4 Advanced Analysing STRs and Actions Taken

During the period from January to December 2023, 18 ML STRs were selected for advanced analysis, and analyses were completed for 20 STRs, including those received in 2022.

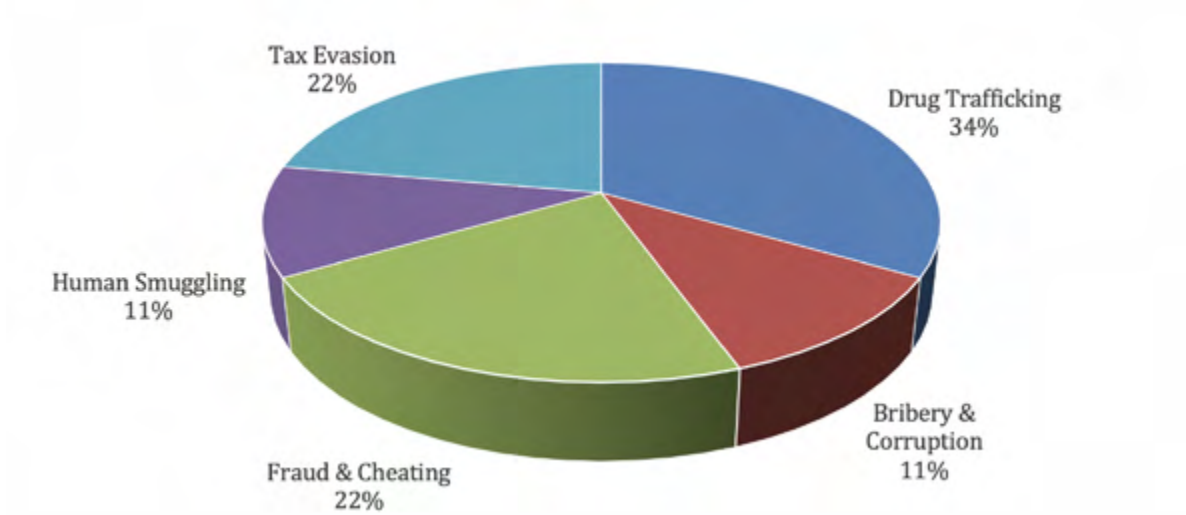
Table 1.5
Break Down of the Actions Taken on the Findings of Advanced Analysis During 2023

Total STRs Analysed	STRs Referred to LEAs	STRs referred to RAs	STRs Kept Under Surveillance
20	9	5	6

Source: Financial Intelligence Unit-Sri Lanka

The following chart depicts the offense-wise distribution of STRs referred to LEAs after advanced analysis.

Figure 1.13
Offence-wise Break Up of STRs Referred to LEAs after Advanced Analysis During 2023



Source: Financial Intelligence Unit-Sri Lanka

BOX ARTICLE - 1 : Trade Based Money Laundering (TBML)

TBML: Unveiling the exploitation in Global Trade

TBML has been identified as a complex form of laundering illicit funds which exploits the cross-border financial instruments of the global trade system. It poses significant challenges for law enforcement and regulatory authorities due to its clandestine nature and the massive volume of global trade transactions. Hence, the Financial Action Task Force recognizes misuse of trade transactions as a way of criminal organizations disguising the proceeds of illegal activities.

Based on the National Risk Assessment on Money Laundering and Terrorist Financing 2021/22, customs related violations including trade related offences have been identified as the third most significant unlawful activity that generates criminal proceeds and poses 'Medium High' level threat to Money Laundering in Sri Lanka.

Key implications of TBML:

- **Facilitation of Criminal Activities:** TBML enables the laundering of proceeds from various illicit activities, including predicate offences such as drug trafficking, bribery and corruption, tax evasion, etc.
- **Erosion of Financial Integrity:** By infiltrating legitimate trade channels, TBML threatens the integrity of the global trade system, undermining efforts to combat money laundering and financial crime.

The Mechanics of TBML

TBML involves numerous deceptive tactics designed to disguise the trail of illicit funds within legitimate trade transactions. Key methods include:

- **Over and Under-Invoicing:** Criminals manipulate the prices of goods in trade transactions, inflating or deflating values to create discrepancies between the declared and actual worth of goods.
- **False Documentation:** Falsified shipping invoices, bills of lading, and customs declarations are used to misrepresent the nature, quantity, or value of goods being traded.
- **Phantom Shipping:** Non-existent or fictitious shipments are recorded to create the appearance of legitimate trade activity, allowing criminals to move funds across borders without the exchange of physical goods.
- **Multiple invoicing:** Criminals raise several invoices for the same transaction, with each invoice showing a different value of goods. Then, they use those invoices to move funds across borders in multiples.

Combating TBML

Addressing the threat of TBML requires a multi-faceted approach involving collaboration between government organizations, border control agencies, financial institutions, and international organizations. Key strategies include:

- **Domestic Cooperation:** Improve effective cooperation among law enforcement agencies, border control agencies and tax authorities through joint investigations and intelligence sharing.
- **Enhanced Regulatory Oversight:** Strengthening regulatory frameworks to improve transparency and accountability in international trade transactions, including the implementation of risk-based due diligence measures.
- **Technological Solutions:** Leveraging advanced technologies such as data analytics and artificial intelligence to detect patterns of suspicious trade activity and identify potential cases of TBML.
- **International Cooperation:** Fostering collaboration and information sharing between countries to disrupt Trade-based Money Laundering networks operating across borders and facilitate the prosecution of perpetrators.

CHAPTER 02 DOMESTIC AND INTERNATIONAL COOPERATION

2.1 Introduction

The FIU-Sri Lanka continued to share information with relevant Competent Authorities (CAs) and Regulatory Authorities (RAs) while engaging in other forms of cooperation with domestic stakeholders during 2023. Two meetings of the NCC were conducted during the year to get policy directions relating to AML/CFT matters. The FIU-Sri Lanka also continued to assist several stakeholders on legislative amendments and implementation of United Nations Security Council Resolutions (UNSCRs) aiming at strengthening the AML/CFT framework of Sri Lanka.

On the international front, during 2023, the FIU-Sri Lanka continued to share information with counterpart FIUs for intelligence purposes. The FIU-Sri Lanka entered into four MOUs with the FIUs of Uganda, the Kingdom of Lesotho, Timor-Leste and Lao People’s Democratic Republic to exchange information. The FIU-Sri Lanka actively coordinated with the APG and the Egmont Group throughout the year.

The key activities carried out relevant to domestic and international cooperation are depicted in the Table 2.1 below.

Figure 2.1

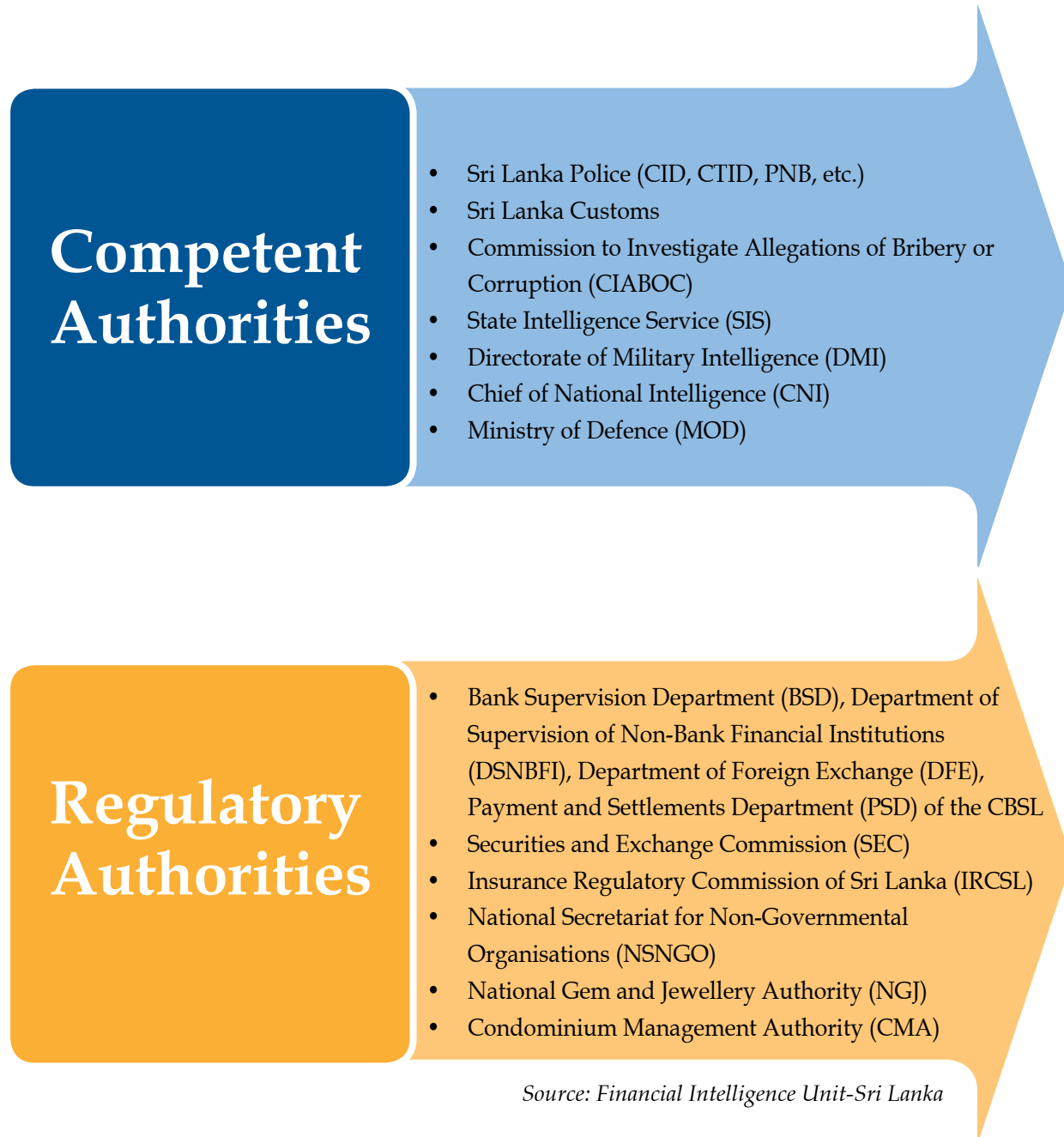
Competent Authorities and Regulatory Authorities Working with the FIU-Sri Lanka

Key Activities	Sub Activities
Domestic Cooperation	Sharing information with CAs and RAs,
	Signing MOUs with domestic agencies,
	Other forms of domestic cooperation such as conducting training and awareness sessions, and
	Attending Right to Information Requests (RTI).
International Cooperation	Exchanging of information with counterpart FIUs,
	Signing MOUs with counterpart FIUs,
	Other forms of international cooperation, and
	Facilitating the upgrading of Sri Lanka’s technical compliance of FATF Recommendations.

2.2 Domestic Cooperation

2.2.1. Competent Authorities (CAs) and Regulatory Authorities (RAs)

Figure 2.1
CAs and RAs Working with the FIU-Sri Lanka

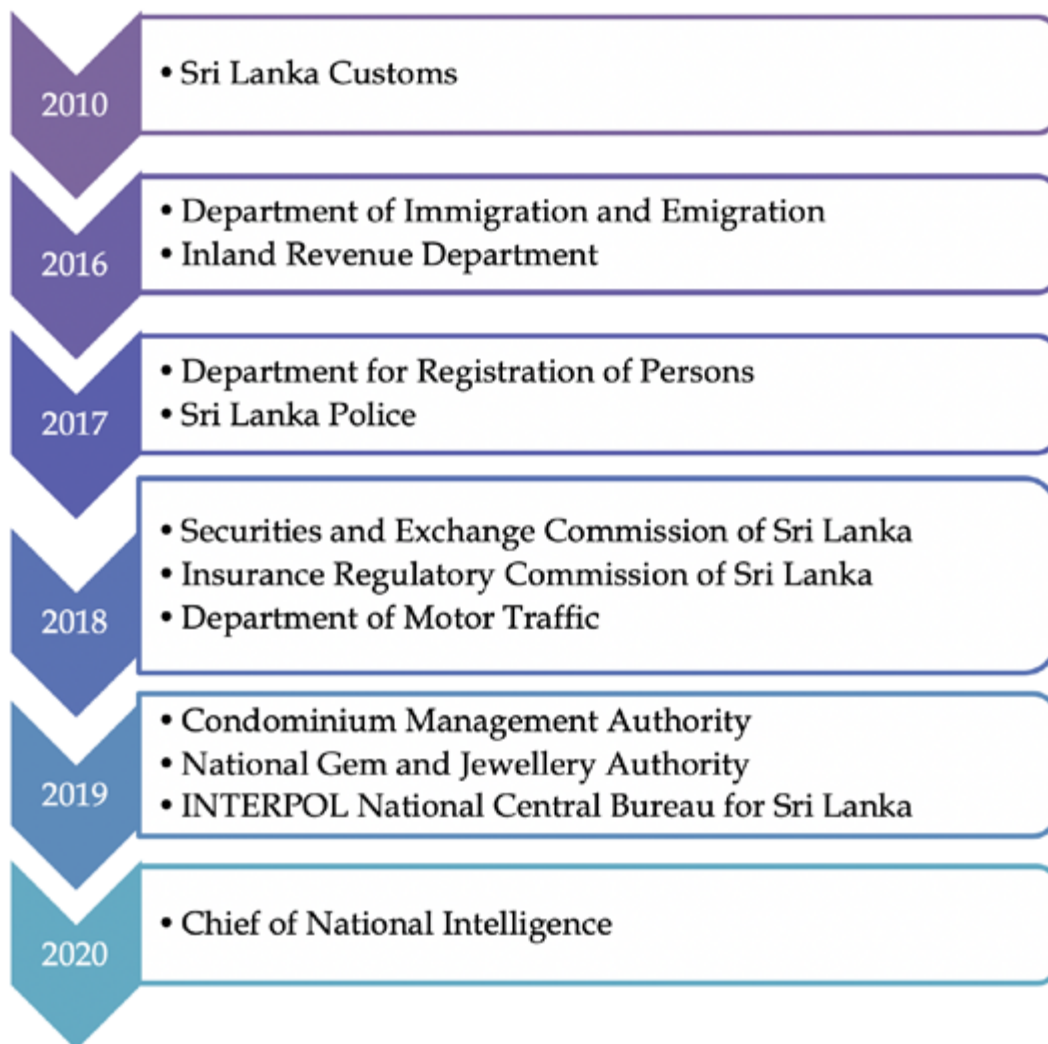


Statistics on dissemination of information to LEAs and RAs for 2023 are presented in Section 1.3, in Chapter 01- Referring/ dissemination STRs LEAs and RAs.

2.2.2. MOUs with Domestic Agencies

During 2023, the FIU-Sri Lanka initiated measures to enter into three MOUs with Excise Department of Sri Lanka, CIABOC and the Registrar General's Department.

Figure 2.2
MOUs with Domestic Agencies as at December 31, 2023

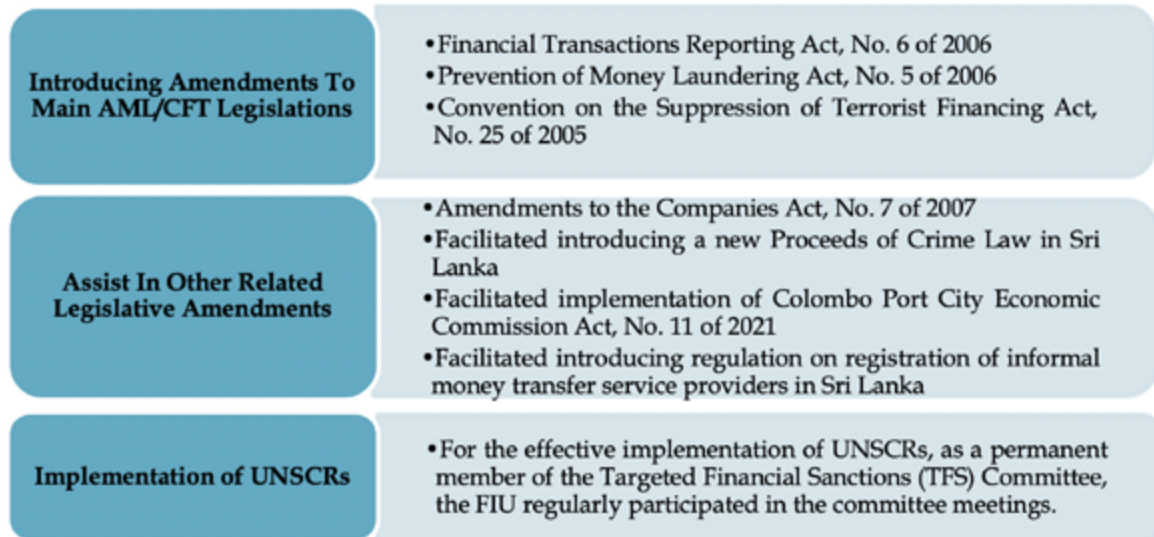


Source: Financial Intelligence Unit-Sri Lanka

2.2.3. Other Forms of Domestic Cooperation

During 2023, the FIU-Sri Lanka engaged in several legislative amendments to strengthen the AML/CFT legal framework of the country.

Figure 2.3
Other Forms of Domestic Cooperation during 2023



Source: Financial Intelligence Unit-Sri Lanka

2.2.4. Right to Information Requests

The FIU-Sri Lanka is a separate public authority for the purposes of the Right to Information Act, No. 12 of 2016 (RTI Act). Arrangements were made by the FIU-Sri Lanka to provide responses to all requests received as stipulated in the RTI Act. Please refer Table 2.2 for statistics on dissemination of information pertaining to requests made under the RTI Act during 2023.

Table 2.2
Dissemination of Information in relation to Requests Made under the RTI Act - 2023

Total number of information requests received by FIU-Sri Lanka	09
- Information requests received, for which information was provided	09
- Information requests received, where provision of information was rejected	00

Source: Financial Intelligence Unit-Sri Lanka

2.3 International Cooperation

2.3.1. Exchange of Information with Counterpart FIUs through Egmont Group during 2019-2023

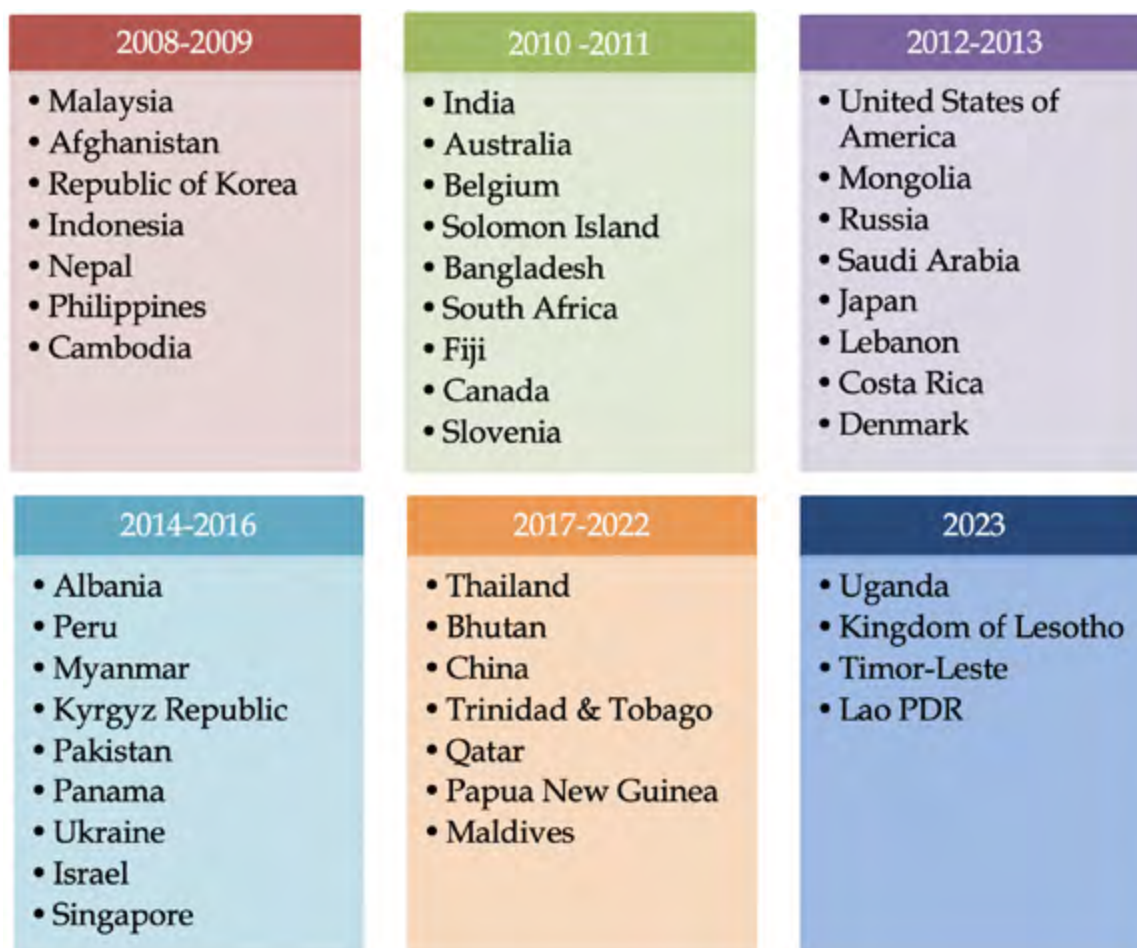
Table 2.3
Sharing of Information with Foreign FIUs during 2019-2023

	2019	2020	2021	2022	2023
Requests Received	40	15	19	27	13
Requests Made	58	35	49	35	34

Source: Financial Intelligence Unit-Sri Lanka

2.3.2. MOUs with Counterpart FIUs

Figure 2.4
MOUs Signed with Foreign Counterpart FIUs as at December 31, 2023



Source: Financial Intelligence Unit-Sri Lanka

2.3.3 Other Forms of International Cooperation

Figure 2.5
Other Forms of International Cooperation during 2023

The Asia/Pacific Group on Money Laundering (APG) :

- A delegation of Sri Lanka headed by the Governor of the Central Bank of Sri Lanka, in his capacity as the Chairman of the NCC, attended the 2023 APG Annual Plenary and Technical Assistance and Training (TAandT) Forum held during 11-14 July 2023 in Vancouver, Canada. The Sri Lankan delegation consisted of 3 expert assessors of the FIU-Sri Lanka.
- On invitation of the FIU-Sri Lanka, a high-level delegation from the APG visited Sri Lanka during 6-8 September, 2023 to discuss Sri Lanka's preparation for the upcoming Mutual Evaluation scheduled to commence in March 2025. During the 3-day visit, the APG delegation met with several key leaders and officials in Sri Lanka, including H.E. the President, the Hon. Chief Justice and Senior Justices of the Supreme Court, the Minister of Foreign Affairs, the Hon, Attorney General, the Governor of the CBSL, etc.
- During 2023, four officers of the FIU-Sri Lanka participated as assessors of Mutual Evaluations of Lao PDR, Nepal, Brunei and Timor-Leste. Further, another two officers of the FIU are currently engaged in country assessments of Nauru and Republic of Marshall Islands as nominated external reviewers for the Mutual Evaluations.
- The FIU-Sri Lanka participated in several virtual Mutual Evaluation Committee (MEC) meetings held during the year, mainly to discuss the members' Mutual Evaluation Reports (MERs) and Follow-Up Reports (FURs).
- The FIU-Sri Lanka submitted 2023 follow-up report on Sri Lanka's technical compliance for FATF Recommendations to the APG on 05.06.2023, where Sri Lanka has not requested for upgrades for any Recommendation. This follow-up report was adopted at the APG MEC meeting held on 29.06.2023.

Egmont Group:

- Three senior officials of the FIU contributed to the review of Egmont membership application process of FIU-Maldives in collaboration with FIU-Bangladesh and participated in several virtual discussions with the relevant 2 FIUs. The on-site visit to assess Maldives' AML/CFT framework was held during 25-27 December 2023, and the FIU-Sri Lanka virtually joined the discussions and provided comments on the draft On-site Assessment Report.

Technical Assistance :

- The Asian Development Bank's (ADB) Trade and Supply Chain Finance (ADB - TSCF), in collaboration with the FIU-Sri Lanka conducted a workshop on Countering Trade-Based Money Laundering: Masterclass for the officers of Financial Institutions (FIs), LEAs and the FIU-Sri Lanka during January 25-26, 2023.
- The U.S. Department of Justice conducted a series of programs for the officers of LEAs and the FIU-Sri Lanka on Money Laundering Investigations, Investigative Techniques, etc.

2.3.4. Sri Lanka's Technical Compliance for FATF 40 Recommendations as at end of 2023

Table 2.4
Current Level of Sri Lanka's Technical Compliance Ratings for FATF 40 Recommendations
(as at 31.12.2023)

Level of Compliance	At the MER Adoption in July 2015	After Re-rating in 2016	After Re-rating in 2018	After Re-rating in 2019	After Re-rating in 2020	After Re-rating in 2021 (Current Level)
Compliant (C)	5	5	6	7	7	7
Largely Compliant (LC)	7	16	21	24	24	25
Partially Compliant (PC)	16	13	8	7	8	7
Non-Compliant (NC)	12	6	5	2	1	1
	40	40	40	40	40	40

Source: Financial Intelligence Unit-Sri Lanka

BOX ARTICLE - 2 : National ML/TF Risk Assessments of Sri Lanka

Introduction

ML and TF pose significant threats to the financial integrity and security of nations worldwide. Sri Lanka, recognizing these risks, has undertaken comprehensive National Risk Assessments (NRAs) to identify and mitigate vulnerabilities. This article provides an overview of the NRAs conducted in 2014 and 2021/2022, highlighting key findings and sector-specific risk ratings.

2014 Risk Assessment

The 2014 NRA was a pioneering effort by Sri Lanka to systematically evaluate its ML/TF risks. The assessment which was coordinated by the FIU - Sri Lanka using the National ML/TF Risk Assessment Tool developed by the World Bank has identified several critical areas of concern.

Overall Risk Assessment: In 2014 NRA, Sri Lanka's ML threat and vulnerability were assessed as Medium thereby national ML/TF risk was also assessed as Medium level. This assessment considered various predicate offenses, including drug trafficking, fraud, (cheating, criminal breach of trust, criminal misappropriation), robbery, credit and debit card frauds, bribery and corruption, human smuggling/ trafficking, extortion and counterfeiting of currency. The overall risk of TF has been rated as Medium in 2014.

Sectoral Risk The banking sector was identified as Medium risk, other financial sectors and DNFBPs as Medium High risk and insurance and securities sectors as Medium Low.

Proposed Actions:

- Improve the training and resources for prosecutors, investigators (specializing in financial crimes and asset forfeiture), and judges.
- Increase the number of prosecutors in the Attorney General's department focused on money laundering (ML) and terrorism financing (TF) prosecutions.
- Develop and implement awareness programs for high court judges and the general public about ML/TF issues.
- Establish and maintain a central database for statistics on the proceeds of crimes.
- Foster better cooperation among domestic agencies at the working level.
- Introduce electronic National Identification Cards (NICs).
- Include tax crimes as predicate offenses for ML/TF.
- Adopt risk-based supervision practices.
- Review and amend relevant legislation to improve regulatory frameworks.
- Enhance AML monitoring systems in banks.
- Include AML/CFT modules in capacity building programs across various sectors.
- Improve the identification and reporting of suspicious transactions.

- Issue rules and regulations concerning Designated Non-Financial Businesses and Professions (DNFBPs).
- Strengthen AML/CFT supervision of the securities sector.
- Improve regulatory oversight and compliance within the Non-Profit Organization (NPO) and Non-Governmental Organization (NGO) sectors.
- Keep the National Risk Assessment (NRA) current.
- Strengthen overall regulatory frameworks.
- Enhance cooperation between agencies to improve effectiveness.

2021/2022 Risk Assessment

Building on the 2014 assessment, the 2021/2022 NRA provided a renewed and more detailed analysis of ML/TF risks. The Risk Assessment Tool provided by the World Bank was used for this assessment as well. Other than the national ML threat and vulnerability and sectoral ML vulnerability assessments, a TF risk assessment, financial inclusion product risk assessment, environmental and natural resource crime risk assessment, non-profit organization's risk assessment, legal persons, legal arrangements and beneficial ownership related ML risk assessment and virtual assets and virtual asset service providers' ML risk assessment was carried out under the 2021/2022 NRA.

Overall Risk Assessment: The 2021/2022 NRA reaffirmed the overall Medium ML risk levels in Sri Lanka including Medium level of ML threat and vulnerability assessments. The predicate offences of drug trafficking, bribery and corruption and custom related offences including laundering of trade-based proceeds were rated as Medium High level while fraud, robbery and environmental crimes were rated as Medium level of threat areas. Illegal fishing, human smuggling/trafficking, tax offences were assessed as Medium Low and counterfeiting currencies were assessed as Low. TF threat and vulnerability was assessed as Medium as well and the overall risk of TF was thereby rated at Medium.

Sectoral Risks: The banking sector, finance companies and real estate sector were found at Medium High risk for ML while informal money transfer systems presented a High risk for ML. All the other sectors present a Medium level of risk while the insurance, accountants and the company service providers found Medium Low risk for ML.

Proposed Actions:

- Amend legislation to align with international standards and best practices.
- Focus on investigations and prosecutions in areas identified as generating higher proceeds of crime.
- Improve AML/CFT supervision and monitoring of Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs).
- Enhance the risk-based supervision capacity of regulatory and supervisory bodies.
- Foster international and domestic coordination among relevant stakeholders.

- Enhance information, intelligence, and experience sharing.
- Increase awareness among all stakeholders regarding ML/TF risks and vulnerabilities.
- Enhance the identification and reporting of suspicious transactions related to ML/TF within FIs and DNFBPs.
- Create a methodology for Law Enforcement Agencies (LEAs) and Competent Authorities to collect and maintain accurate statistics.
- Encourage sustainable financial inclusion.
- Increase financial literacy.
- Introduce a simplified CDD framework for financial inclusion products and low-risk groups.

Summary

Sri Lanka's NRAs in 2014 and 2021/2022 have provided critical insights into the country's ML/TF risk landscape. While significant progress has been made in identifying and mitigating these risks, ongoing efforts are required to address emerging threats and sector-specific vulnerabilities. Strengthening regulatory frameworks, enhancing inter-agency cooperation, and improving the capacity of financial institutions remain key priorities for Sri Lanka in its fight against money laundering and terrorist financing. The FIU has conducted a range of outreach programmes to share the outcomes of the NRA. A national AML/CFT policy has been prepared for five years based on the outcomes of the last NRA.

Going Forward

Sri Lanka has prepared its national AML/CFT Policy for five years, from 2023-2028 based on the findings of the last NRA giving them priorities in its AML/CFT regime. NRA is scheduled for an update in 2024, which will encompass an evaluation of risk factors and developments from 2022 to 2024.

CHAPTER 03 INSTITUTIONAL COMPLIANCE

3.1. Introduction

The FIU-Sri Lanka undertakes the responsibility of AML/CFT supervision of the country jointly with respective RAs, if such an authority is available. If there is no such authority, in such instances, AML/CFT supervision is carried out by the FIU-Sri Lanka. In 2023, to ensure that the RIs comply with AML/CFT requirements, the FIU- Sri Lanka mainly carried out the following activities under the Risk Based Approach (RBA). The Table 3.1 below depicts such key activities and other related activities carried out by the FIU-Sri Lanka relevant to institutional compliance.

Table 3.1
Activities Carried out to ensure Institutional Compliance under AML/CFT

Key Activities	Sub Activities
Supervision of FIs	<ul style="list-style-type: none"> • Conducting ML/TF off-site Risk Assessment, • Conducting AML/CFT on-site Examinations, • Taking Supervisory Actions , • Conducting follow up examinations, • Conducting Thematic Reviews on selected areas and • Other measures to strengthen AML/CFT regulations of FIs.
Supervision of DNFBPs	<ul style="list-style-type: none"> • Conducting ML/TF off-site Risk Assessment, • Conducting AML/CFT on-site Examinations, • Taking Supervisory Actions, • Conducting follow up examinations, • Conducting Thematic Reviews on selected areas and • Other measures to strengthen AML/CFT regulations of DNFBPs.

Source: Financial Intelligence Unit-Sri Lanka

3.2 ML/TF Risk Assessment

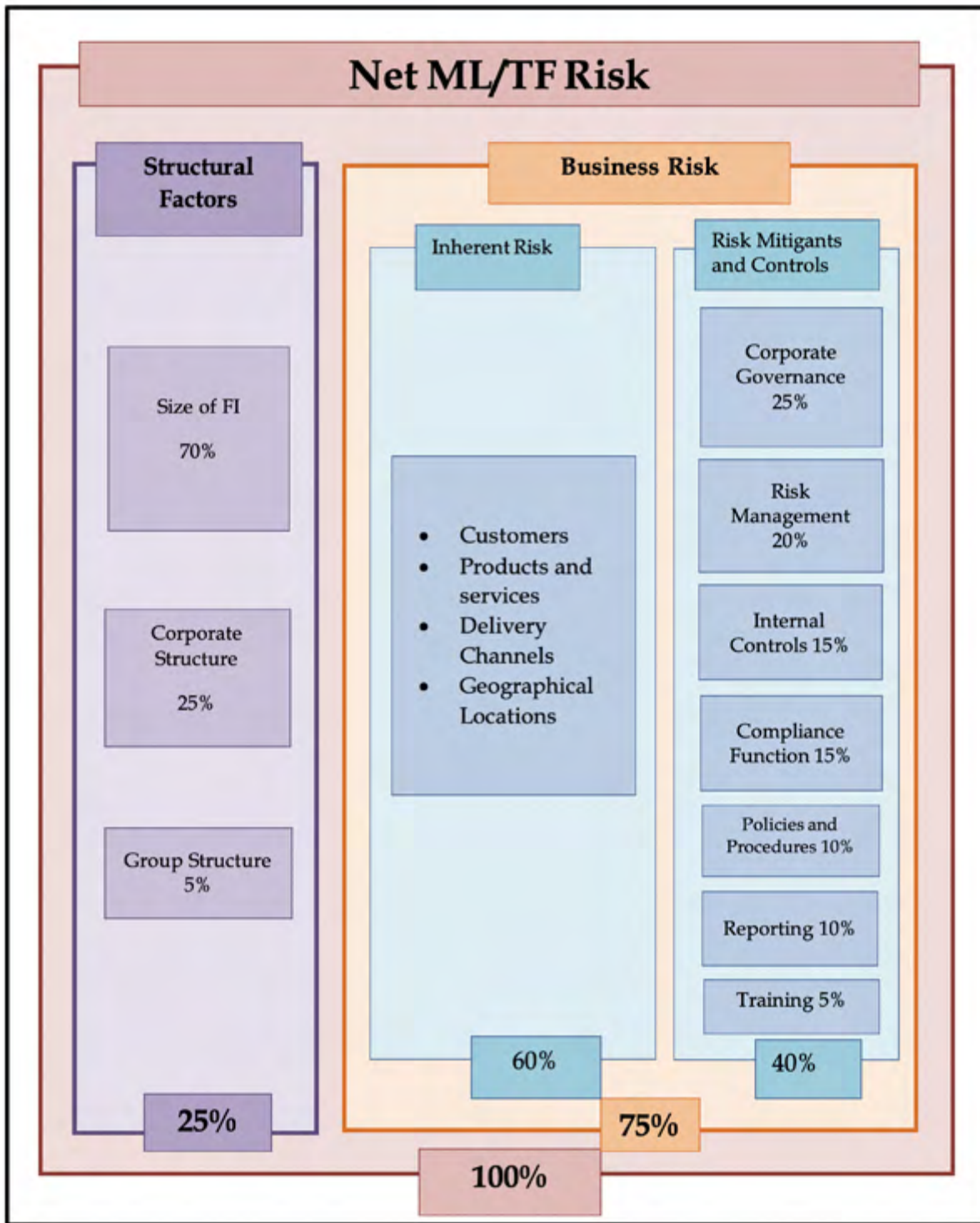
As the initial step under the process of Risk Based Supervision, the FIU-Sri Lanka conducts ML/TF risk assessments of FIs on off-site basis using a risk assessment tool to identify the ML/TF risk of individual FIs. Information for the risk assessment is collected through a questionnaire customised for each segment of the FIs. The results obtained from the tool after analysing the collected information are then utilised to formulate the on-site supervisory plan for the upcoming year.

a. Composition of the Risk Tool

The FIU-Sri Lanka employs a risk assessment tool, developed in 2017 in collaboration with the technical assistance team of the International Monetary Fund (IMF), to identify the ML/TF risks of individual FIs. This tool underwent further enhancement with the assistance of the IMF team who visited Sri Lanka in 2019. Identified as Version 2.0 of the risk assessment tool, it was further refined by FIU-Sri Lanka to encompass the most relevant customers, products, delivery channels, and geographical areas based on recent information obtained from market studies and on-site visits of FIs, and following the NRA findings .

The net ML/TF risk of the FI is evaluated based on structural factors and business risks. Major components of structural factors include the size of the FI, corporate structure, and group structure. In assessing business risk, inherent risk factors such as customers, products and services, delivery channels, and geographical locations are considered, along with risk mitigants and controls evaluated through corporate governance, policies and procedures, risk management, internal controls, compliance function, training, and reporting as per the provisions of the FTRA. In the overall risk assessment, structural factors are allocated a weight of 25%, while business risk is allocated a weight of 75%.

Figure 3.1
The Composition of the Risk Tool: Risk Factors and Weightage



Source: Financial Intelligence Unit - Sri Lanka

b. ML/TF Risk Assessment Conducted in 2023

Table 3.2
Number of ML/TF Risk Assessments Conducted During 2019-2023

Year	No. of ML/TF risk assessments
2019	70
2020	69
2021	66
2022	65
2023	64

Source: Financial Intelligence Unit - Sri Lanka

3.3 Supervision of FIs

In 2023, the FIU-Sri Lanka successfully implemented its on-site examination plan, conducting a total of 23 on-site examinations, along with 2 follow-up examinations and 2 spot examinations. Of these on-site examinations, 4 were conducted jointly with BSD. Furthermore, the FIU- Sri Lanka continued its on-site examinations of PDs, conducting 2 examinations jointly with DSNBFI. Additionally, joint examinations were carried out with Securities and Exchange Commission of Sri Lanka (SEC) and Insurance Regulatory Commission of Sri Lanka (IRCSL), covering 5 licensed SBs and 5 licensed ICs in 2023. In addition to these examinations, the FIU- Sri Lanka conducted 4 thematic reviews and 64 ML/TF off-site risk assessments during the year.

3.3.1. AML/CFT Examinations

a. Risk-based On-site Examinations Process

Since 2017, the FIU-Sri Lanka has implemented RBA for AML/CFT supervision. This approach enables the efficient allocation of resources based on the risk of the financial sector. As the initial step of effective risk-based supervision, ML/TF risk assessment is conducted. The FIU-Sri Lanka conducts ML/TF risk assessments for individual institutions in the banking and finance company sectors, while the SEC and IRCSL conduct risk assessments for individual institutions in the securities and insurance sectors, respectively.

Furthermore, TFS, identification of beneficial ownership, transaction monitoring, Politically Exposed Persons (PEPs), Non-Profit Organizations (NPOs), Wire Transfers, and processing transactions with high-risk jurisdictions, have been identified as high risk areas which require closer monitoring by FIs.

Figure 3.2
Process of Risk-Based Examination and Identified High-Risk Areas of FIs



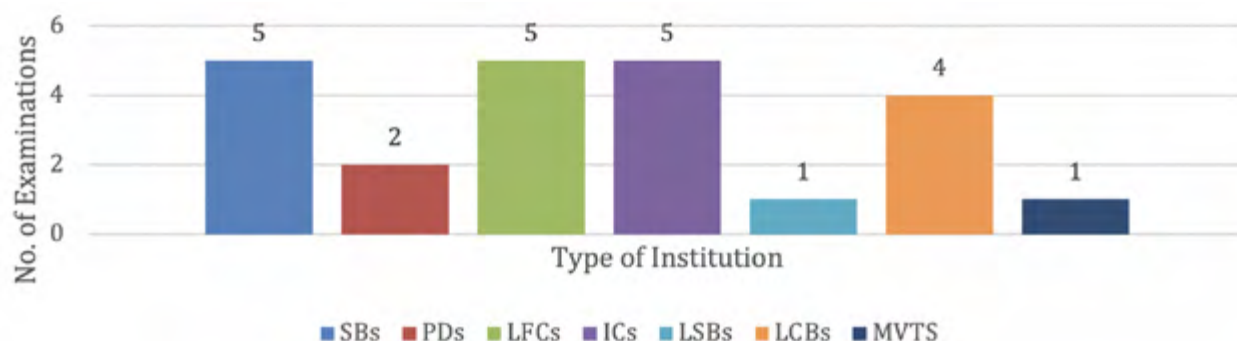
b. On-Site Examinations Conducted in 2023

Table 3.3
Risk-Based On-site Examinations Conducted During 2019-2023

Type of FI	2019	2020	2021	2022	2023
LCBs	13	01	01	12	04
LSBs	03	-	-	04	01
LFCs	11	06	-	03	05
MVTS Providers	01	-	01	-	01
PDs	-	-	-	02	02
SBs	04	02	03	01	05
ICs	03	02	-	03	05
Total	35	11	05	25	23

Source: Financial Intelligence Unit - Sri Lanka

Figure 3.3
Number of On-site Examinations Conducted in 2023 by the Type of RIs



Source: Financial Intelligence Unit - Sri Lanka

c. Follow-up Examinations conducted during 2019-2023

Table 3.4
Number of Follow-up Examinations Conducted during 2019 - 2023

Type of FI	2019	2020	2021	2022	2023
LCBs	02	07	02	-	02
LFCs	02	-	02		-
Total	04	07	04	-	02

Source: Financial Intelligence Unit - Sri Lanka

In addition to the above risk based on-site examinations and follow-up examinations, two off-site spot examinations were conducted during 2023 focusing on the information received from IMD.

d. Joint Examinations conducted during 2019-2023

The FIU-Sri Lanka has been providing resource and technical assistance for conducting joint supervision in the securities and insurance sectors since 2018, as per the supervision plans prepared by SEC and IRCSL for each sector, respectively. Joint supervision with BSD and SNBFI continued to oversee AML/CFT compliance in banks and finance companies, emphasizing the importance of adhering to AML/CFT standards within the financial sector. In 2023, the focus on security brokers and the insurance sector was intensified by increasing the number of joint examinations with SEC and IRCSL.

Table 3.5
Joint Supervision with Regulators during 2019 - 2023

Regulator	2019	2020	2021	2022	2023
BSD	-	-	04	16	04
DSNBFI	-	-	-	02	02
SEC	05	02	-	01	05
IRCSL	03	02	03	03	05
Total	08	04	07	22	16

Source: Financial Intelligence Unit – Sri Lanka

3.3.2. Supervisory Actions Taken on FIs

Taking supervisory actions against non-compliances observed is one of the effective ways to ensure compliance with AML/CFT requirement.

Under risk-based supervision activities, following the completion of an AML/CFT examination, a comprehensive report detailing the scope of the examinations and the examination findings is submitted to the Director of FIU-Sri Lanka, along with recommended actions and a timeline for addressing identified deficiencies. Subsequently, these findings are communicated to the respective FIs through their regulators.

The FIU-Sri Lanka takes two types of actions based on the findings of examinations:

1) Issuing a letter requesting to rectify the deficiencies.

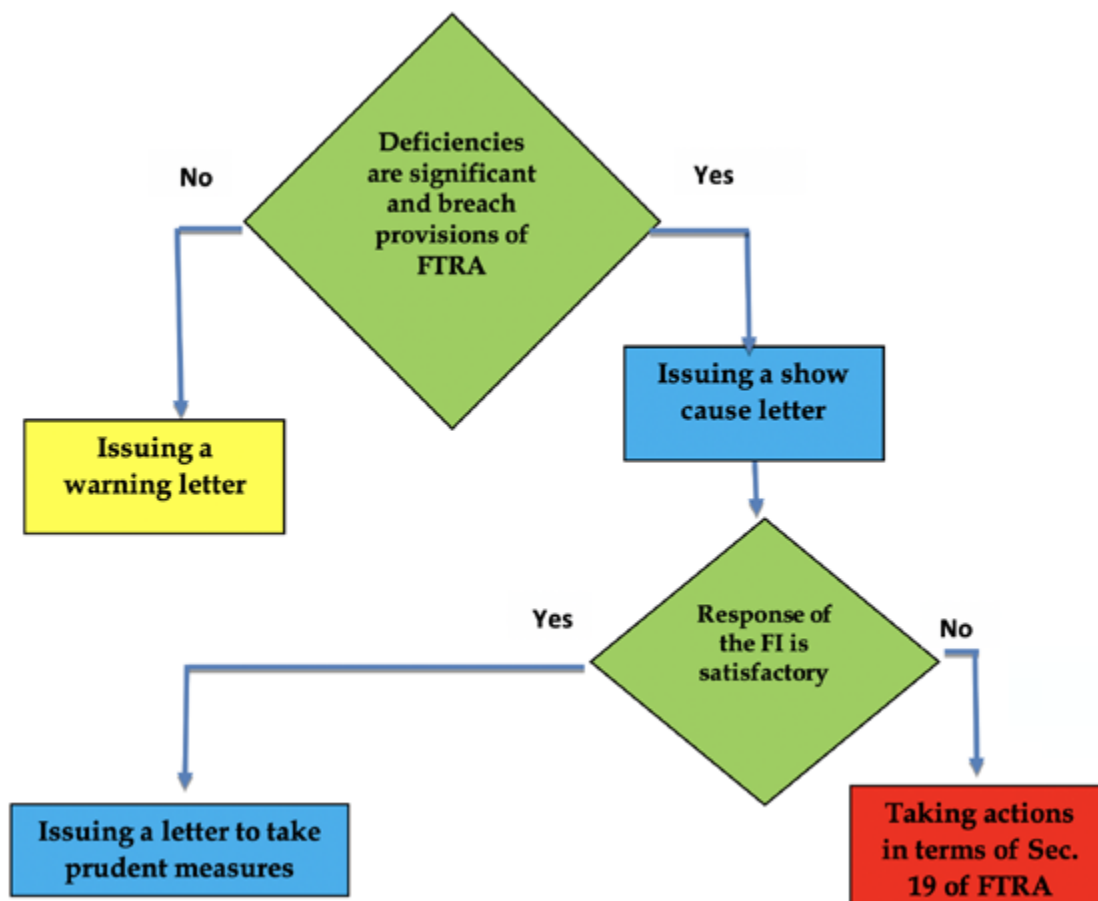
If the nature and gravity of the non-compliances observed are not significant and do not breach the provisions of the FTRA, the FIU-Sri Lanka communicates the observations to the Chief Executive Officer (CEO) of the particular FI. They are requested to rectify the deficiencies immediately or within a stipulated time frame. Further, the contents of the warning letters should be brought to the immediate attention of the Board of Directors and the FIU-Sri Lanka should be informed of their concurrence on future actions to be taken by the FIs.

2) Imposing a penalty

If the nature and gravity of the non-compliances observed are significant and involve instances of violations of the provisions of the FTRA, the FIU-Sri Lanka issues a show-cause letter to the CEO, requesting an explanation for the institution's failure to comply with the FTRA provisions. If the response is unsatisfactory, the FIU-Sri Lanka takes action under Section 19 of the FTRA. Consequently, proportionate and dissuasive sanctions are imposed against FIs that fail to comply with AML/CFT requirements.

a. Supervisory Actions Procedure

Figure 3.4
Supervisory Action Process Based on Examination Findings



Source: Financial Intelligence Unit - Sri Lanka

Table 3.6
Regulatory Actions Taken by FIU-Sri Lanka on FIs during 2019-2023

Actions Taken	2019	2020	2021	2022	2023
Warning letters Issued	29	17	05	08	16*
Follow-up warning letters Issued	03	04	01	01	00
Show Cause letters Issued	07	08	05	08	15**
Penalties Imposed	03	05	07	06	13***

Source: Financial Intelligence Unit - Sri Lanka

* 16 warning letters were issued based on the examinations conducted in 2023.

** 15 show cause letters were issued based on the examinations conducted in 2023.

*** 13 penalties were imposed based on the examinations conducted in 2023.

Table 3.7

Details of Financial Penalties imposed by FIU-Sri Lanka during 2018 - 2023

Year	Type of FI	Violation	Amount (Rs.)
2018	LCB	Section 2 of the FTRA and CDD Rules for FIs	1,000,000.00
	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Section 7 of the FTRA	1,500,000.00
	LCB	Rule 95 of the CDD Rules for FIs	500,000.00
	LFC	Section 2 of the FTRA, No. 6 of 2006 (FTRA) and Customer Due Diligence (CDD) Rules for FIs	4,000,000.00
	MVTS Providers	Section 7 of the FTRA	500,000.00
	Total		
2019	LCB	Rule 47 (c), Rule 59 (b) and Rule 95 of the CDD Rule for FIs	3,000,000.00
	LCB	Section 6 of the FTRA	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	Total		
2020	LFC	Rule 95 of the CDD Rule for FIs	500,000.00
	LFC	Rule 95 of the CDD Rule for FIs	500,000.00
	LFC	Rule 95 of the CDD Rule for FIs	300,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	Total		
2021	LCB	Section 4(4), 14(1), 14(1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2) of the CDD Rule for FIs	500,000.00
	LCB	Section 5 and 7 of the FTRA, Rules 27, 91, 96, 37, 38, 7, 8, 9, 27 (2) of the CDD Rule for FIs	3,000,000.00
	LCB	Rule 95 of the CDD Rule for FIs	2,000,000.00
	LCB	Section 5(b), 14 (1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2) of the CDD Rule for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	500,000.00
	LFC	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rule for FIs	500,000.00
	Total		

2022	LCB	Section 9 (1) of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rule for FIs	2,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rule for FIs	4,000,000.00
	LCB	Rule 95 of the CDD Rule for FIs	3,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 Page 3 of 3 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rule for FIs	1,000,000.00
	LSB	Rule 95 of the CDD Rule for FIs	750,000.00
	Total		
2023	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LCB	Rules 95 and 59 of the CDD Rule for FIs	7,000,000.00
	LCB	Rules 95 and 59 of the CDD Rule for FIs	6,000,000.00
	LSB	Rule 95 of the CDD Rule for FIs	1,000,000.00
	LSB	Section 6 of the FTRA	500,000.00
	LFC	Section 6 of the FTRA	300,000.00
	LFC	Section 6 of the FTRA	200,000.00
	LFC	Section 6 of the FTRA	700,000.00
	LFC	Section 6 of the FTRA	500,000.00
	MVTS	Rules 85 and 86 of the CDD Rule for FIs	1,000,000.00
	Total		

Source: Financial Intelligence Unit - Sri Lanka

Conducting Follow-up Meetings with FIs

The FIU-Sri Lanka conducts meetings with FIs after imposing a penalty to discuss whether the deficiencies identified in the examinations have been rectified.

Table 3.8
Follow-up Meetings had with FIs during 2019 - 2023

Type of FI	2019	2020	2021	2022	2023
LCBs	05	-	03	03	05
LSBs	01	-	-	-	-
LFCs	01	-	-	-	04
MVTS					01
Total	07	-	03	03	10

Source: Financial Intelligence Unit - Sri Lanka

3.3.3. Thematic Reviews Conducted during 2020- 2023

The FIU-Sri Lanka has established procedures to conduct thematic reviews under the circumstances such as;

- assessing the compliance of AML/CFT regulations,
- responding to emerging trends or risks identified within specific sectors, e.g. identifying new ML techniques or vulnerabilities in the financial system,
- changes in the AML/CFT regulations or international standards to ensure that regulated entities are effectively implementing new requirements,
- prioritising certain sectors for thematic reviews based on supervisory priorities, e.g. monitoring certain sectors with a high ML/TF risk,
- identification of patterns or trends through analysis of financial intelligence and STRs that warrant further investigation,
- following enforcement actions or regulatory breaches within specific sectors to assess compliance and identify systemic issues,
- requests made by stakeholders, e.g. government agencies, industry associations, or international organisations.

Table 3.9
Thematic Reviews Conducted during 2020 - 2023

Year	Area of the Thematic Review	Type of FIs Covered
2020	Screening, monitoring of customer transactions and Enhanced Due Diligence of Politically Exposed Persons (PEPs)	LFCs
	Identification of Virtual Asset Service Providers (VASPs) in Sri Lanka	LCBs, LSBs, LFCs
	Off-line Debit Card transactions	Selected Banks
2021	Details of branches, procedures on identification & reporting of suspicious transactions of local branches open for serving customers outside normal working days / normal operating hours and details of ATM/Cash Recycle Machines/Cash Deposit Machines	LCBs, LSBs, LFCs
	Screening, monitoring of customer transactions and Enhanced Due Diligence of PEPs	LCBs, LSBs
	Database Integration with AML/CFT System and Digital Online Platforms of LBs and LFCs	LCBs, LSBs, LFCs
	Responsibilities of Board of Directors of LBs and LFCs towards AML/CFT	LCBs, LSBs, LFCs
	ATM withdrawals	Selected Banks

2022	Questionnaire for Thematic Review on Red Flag Indicators of informal money or value transfer services of LBs	LCBs, LSBs
	LCBs, LSBs	MVTS Providers
	ML/TF Risk Assessment Questionnaire to MVTS Providers	MVTS Providers
	Questionnaire for Thematic Review on PEPs and Ultimate Beneficial Owners (UBOs) for LBs and LFCs	LCBs, LSBs, LFCs
	Thematic Review on CDM/CRM Transactions	LCBs, LSBs
2023	A short questionnaire on TBML	LCBs
	Thematic Review on Compliance Function, Transaction Monitoring and TFS	ICs, SBs
	Thematic Review on Pawning/ Gold loan and pawning auction transactions of LFCs	LFCs
	Short Questionnaire on MVTS	MVTS

Source: Financial Intelligence Unit - Sri Lanka

3.4. Supervision of DNFBPs

The FIU-Sri Lanka introduced the AML/CFT regulatory framework for DNFBPs in 2018 with the issuance of CDD Rules for DNFBPs. At the beginning, efforts were made to strengthen the AML/CFT regime for the DNFBP sector, focusing particularly on three prioritised higher-risk sectors: casinos, real estate agents, and gem and jewellery dealers. Starting from 2019, the FIU-Sri Lanka began implementing risk-based AML/CFT supervision of DNFBPs. Concurrently, continuous outreach programmes were conducted for diverse groups of DNFBPs to enhance awareness of AML/CFT compliance obligations in Sri Lanka.

During 2023, the FIU-Sri Lanka conducted 06 on-site examinations for the DNFBP sector, including 02 examinations for gem and jewellery dealers and 02 examinations for real estate agents. The annual off-site ML/TF risk assessment was carried out in December 2023 for the casinos, real estate agents, gem and jewellery dealers, lawyers and Notaries, and accountants and trust and company service providers (TCSPs) focusing on preparation of AML/CFT Supervisory Plan for the year 2024. There is a decline in the number of on-site examinations conducted compared to the previous year due to staffing constraints. Additionally, several other measures outlined in this chapter were initiated by the FIU-Sri Lanka to strengthen the AML/CFT regime for DNFBPs.

3.4.1. Off-site Thematic Review Questionnaires on DNFBPs during 2023

An off-site thematic review was conducted for the TCSPs to assess the risks and vulnerabilities in the sector during 2023.

3.4.2. Summary of Off-site ML/TF Risk Assessment Conducted for DNFBPs – 2023

Table 3.10

Risk Categorization for DNFBPs based on Off-site ML/TF Risk Assessment of 2023

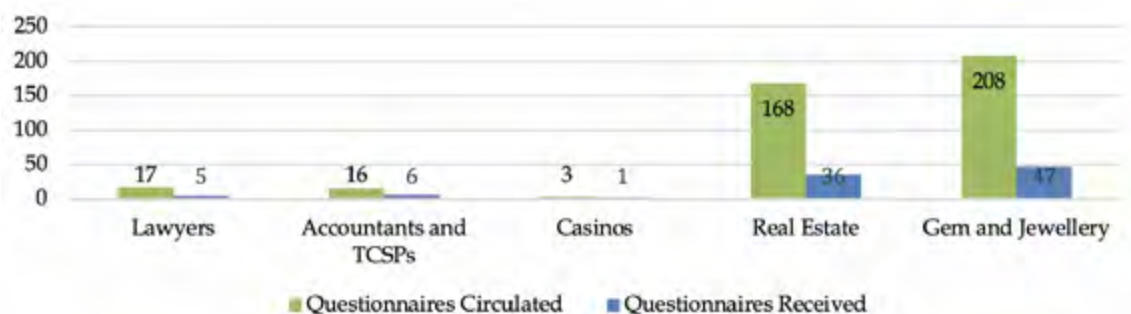
Risk Score/ Percentage	Risk Categorization	DNFBP Sector				
		Casinos	Gem & Jewellery	Real Estate	Accountants and TCSPs*	Lawyers and Notaries
Above 70%	High	-	03	-	-	02
Inclusive of 50% - 70%	Medium	01	26	29	04	03
Below 50%	Low	-	17	06	02	-
Total		01	46	35	06	05

Source: Financial Intelligence Unit-Sri Lanka

The table above illustrates the risk categorization for DNFBPs, based on the off-site ML/TF risk assessment conducted in 2023. It indicates that two gem and jewellery dealers and two law firms have been classified in the high-risk category, while the majority of DNFBPs came within the Medium risk range. The on-site supervision plan for 2024 was formulated based on the depicted risk levels.

Figure 3.5

Summary of Off-site ML/TF Risk Assessment Questionnaires Circulated and Responses Received during 2023



Source: Financial Intelligence Unit – Sri Lanka

Off-site risk assessment experienced a low level of responses from participating institutions largely attributed to the economic volatility experienced in the country, which had a negative impact on the functioning of both the real estate and gem and jewellery sectors. Further, the informal nature of DNFBPs may lead to lack of formal record-keeping practices, making it challenging to gather and submit required information.

3.4.3. Conducting On-site Examinations

The number of on-site examinations conducted during the period from 2019-2023 has been described in Table 3.11 below.

Table 3.11
Number of On-site Examinations conducted during 2019-2023

Sector	On-site Examinations				
	2019	2020	2021**	2022	2023***
Casino	03	-	-	-	-
Real Estate	11*	09*	-	09	03
Gem and Jewellery	22*	09*	-	08	04
Total Examinations	36	18	-	17	07

Source: Financial Intelligence Unit-Sri Lanka

* Includes follow-up examinations conducted for the year as well.

** Examinations were not conducted as planned due to the outbreak of COVID-19 pandemic in the country. Instead, 02 off-site thematic review assessments were conducted during 2021 to ensure the DNFBPs' compliance with AML/CFT obligations.

3.4.4. Other Measures to Strengthen AML/CFT Regime of DNFBPs

I. Introducing a Regulatory Environment for the Real Estate Sector

The FIU-Sri Lanka works collaboratively with Construction Industry Development Authority (CIDA) and the Ministry of Urban Development and Housing to expedite the process of introducing a regulatory environment for the real estate sector and a Task Force was established to continue the communications regarding the establishment of a regulatory authority for the real estate sector, and to ensure necessary legal framework is in place.

II. Appointment of Compliance Officers (COs)

From 2022-2023, the number of compliance officers appointed under the real estate, gem and jewellery sector, lawyers and Notaries, and accountants and TCSPs increased from 2022 to 2023.

Table 3.12
DNFBPs Registered with FIU-Sri Lanka as at 31.12.2023

Sector	Number of DNFBPs
Casino	3
Real Estate	171
Gem and Jewellery	210
Lawyers and Notaries	17
Accountants and TCSPs	16
Total	417

III. Coordinating with Sector Regulatory Bodies

The officials of the FIU-Sri Lanka held continuous dialogue with the officials of the following regulatory bodies in reaching out to the relevant DNFBP sectors, identifying new institutions, and introducing AML/CFT measures.

- CIDA
- NGJA
- Registrar of Companies (ROC)
- Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Bar Association of Sri Lanka (BASL)
- Condominium Management Authority (CMA)

IV. Market Awareness and Capacity Building

The FIU-Sri Lanka conducted 04 awareness sessions during the year 2023 as given below.

Table 3.13
Awareness Sessions for DNFBP during 2023

Month	Programme	Stakeholder	Sector
June	Awareness Programme on “Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) Compliance Obligations and New Developments for the Real Estate Sector”	CIDA, Housing Ministry	Real Estate

July	Awareness Programme on Anti-Money laundering and Countering the Financing of Terrorism (AML/CFT) Compliance Obligations and New Developments for the Gem and Jewellery Sector	NGJA, Ministry of Industries	Gem and Jewellery
August	Awareness Programme on AML/CFT Compliance Obligations for the Gem and Jewellery Sector	NGJA	Gem and Jewellery
November	AML/CFT Familiarisation Programme for Lawyers	BASL	Lawyers

Source: Financial Intelligence Unit Sri Lanka

BOX ARTICLE - 3 : Why does CDD matter?

“The money laundering case filed against two accused, A and B, was yesterday fixed for further trial at the Colombo High Court (HC). The Attorney General had filed indictment under two counts in the Colombo HC against A and B for **allegedly maintaining two bank accounts which contained Rs.31 million and Rs. 29 million separately which were suspected to be money obtained from heroin trafficking within a period of one year.**”

(Extracted from a news article)

The above news extract demonstrates how criminals attempt to exploit the services provided by the financial institutions for illicit purposes. Thus, a country's financial system should be protected from abuse by such criminals through a proper system of due diligence. The best way to trace criminal proceeds is to duly identify the related parties of a transaction, sources of the funds involved, and purposes of a transaction including the risk profiles of customers. This procedure is named as Customer Due Diligence (CDD) procedure. The CDD measures enable financial institutions to identify possible suspicious transactions conducted by their customers. This will ultimately provide protection for the financial system being abused for laundering criminal proceeds or financing terrorism.

Understanding CDD

CDD measures mainly involve identifying the customer and the ultimate beneficial owner (UBO) of a transaction and verifying their identities. It also involves understanding the origins of the funds, purposes of transactions and intended nature of the customer relationship. Ongoing due diligence by continuously monitoring customers and transactions is also important under CDD. This enables customer risk profiling, and it will facilitate detecting unusual or suspicious behaviours of customers or transactions. CDD procedure should be carried out at the onboarding of customers, when there is a change in the customer profile, or transactions patterns and there is a ground for any suspicion.

Regulatory Requirements

CDD is an essential and integral part of Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) efforts. The Financial Action Task Force (FATF) provides guidance on the global requirements for CDD under Recommendation 10 requiring every jurisdictions to implement CDD measures through the legal system of the country. In line with this global standard, the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA) introduces CDD as a legal obligation for the reporting institutions in Sri Lanka. The Financial Intelligence Unit (FIU) enforces this legal obligation for financial institutions as well as for designated non-financial businesses and professions (DNFBPs)

through the issuance of CDD Rules in terms of Sections 2(3) of the FTRA. As non-compliance of the legal obligations on CDD Rules affects the integrity of financial system, severe penalties are imposed for such non-compliance observed.

Benefits of CDD

An effective CDD measure enables institutions to detect transactions linked to illegal activities which are required to be reported to the relevant intelligence authorities for further actions. Thus, CDD is paramount in detection and prevention of financial crimes. It ensures that the integrity of the financial system is maintained. By demonstrating a commitment to preventing misuse of the system and protecting assets, FIs can build customer trust and confidence. Further, by accurately identifying the risk profiles of customers, FIs can allocate scarce resources more efficiently and tailor their monitoring efforts. An effective CDD mechanism ensures regulatory compliance and prevents systemic and institutional abuse which is key to maintain credibility and reputation of the institution. Moreover, technological advancement in CDD related areas, such as automated data collection, reduces manual workloads and thereby improves accuracy. A comprehensive CDD process provides valuable information on customer behaviors and trends, which is important in strategic decision-making of the institutions.

Challenges in Implementing CDD

Implementing CDD poses several challenges. The most significant challenges faced by institutions is ensuring the accuracy of customer or UBO data. Some customers may be reluctant to provide personal information required for CDD. Advancement in technology such as digital onboarding, e-wallets, etc. demands more sophisticated systems to implement CDD measures. As criminals find new ways to circumvent CDD measures, institutions will require to adopt advanced technologies like artificial intelligence and big data analytics to enhance their CDD processes. Also, keeping up with evolving regulations, and criminal behaviours, requires continuous monitoring and upgrading. In another aspect, implementing effective CDD measures can be resource intensive.

Conclusion and Way Forward

Proper CDD is important for managing risks, complying with regulations, and protecting the financial system. CDD works as a risk mitigation effort and plays a vital role in strengthening the financial sector. Coordinated actions among regulatory bodies, financial institutions, and law enforcement agencies in strengthening CDD measures of the country is essential to combat money laundering and terrorist financing successfully.

Compliance with CDD is not a checkbox approach. Therefore, institutions as a whole should be ready to overcome challenges and implement an effective CDD process in order to get the benefits of the due diligence practices.

BOX ARTICLE - 4 : AML/CFT Measures for Gem and Jewellery Sector in Sri Lanka

Sri Lanka as a country with a rich history of gem and jewellery industry always emphasised on world best practices and standards in order to protect the reputation of the industry.

The National Gem and Jewellery Authority (NGJA) in Sri Lanka serves as the regulatory body overseeing the gem and jewellery industry. It is responsible for licensing, regulation, promotion, research, and training, as well as ensuring compliance with industry standards, fosters sustainable development, and promotes the industry both domestically and internationally. Therefore, the NGJA closely collaborate with the country's anti money laundering and countering financing of terrorism (AML/CFT) authority, the Financial Intelligence Unit of Sri Lanka (FIU-SL) in order to ensure the AML/CFT compliance related to the industry.

The authority having a better understanding of the nature of the industry, the high value transactions and portable nature of luxurious gemstones and jewellery, implemented the AML/CFT regulatory framework to prevent industry being abused by criminals. This understanding was further enhanced by the ML/TF National Risk Assessment conducted in 2021/22. Accordingly, the AML/CFT framework focuses on a risk-based approach that higher risk gem and jewellery dealers address their ML/TF risks by conducting customer due diligence, maintain detailed records of transactions, verify customers against lists of targeted financial sanctions, and report any suspicious activities to the FIU. These regulations help safeguard the integrity of the industry and ensure compliance with international standards.

The gem and jewellery dealers in Sri Lanka are considered as reporting institutions under the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA) and AML/CFT obligations were implemented for the sector through the issuance of Designated Non-Finance Business (Customer Due Diligence) Rules, No 01 of 2018 (CDD Rules) in 2018. Further, a separate guideline has also been issued by the FIU-Sri Lanka for the gem and jewellery dealers as a support in complying with above said legal obligations.

In line with the regulatory requirements, the FIU-Sri Lanka jointly conducts supervision with the NGJA in order to enhance the level of compliance of the gem and jewellery dealers. Under this supervision framework an annual off-site examination and risk based on-site examination are conducted and supervisory actions are taken in the instances of non-compliances. Further, thematic reviews are conducted on specific matters and actions are taken accordingly.

In addition, to the supervision of the industry, a considerable amount of resources are allocated to enhancing AML/CFT awareness of the market participants. In this effort, the FIU-Sri Lanka closely collaborate with the NGJA as well as industry associations. Number of such island wide programmes were conducted during 2023. Several other measures such as awareness through printed and digital media were also taken in order to outreach the market.

Despite the regulatory efforts and the other measures taken so far, the gem and jewellery industry face several challenges in adhering to the compliance culture. Size of the institutions, nature of business

and their long-standing customer relationships, the traditional ways of conducting businesses, comparatively low level of awareness among employees and usage of systems such as technological devices are among those challenges. However, the current close collaboration and coordination between authorities and the private sector ensures successful implementation of AML/CFT measures among the gem and Jewellery dealers in Sri Lanka.

CHAPTER 04 CAPACITY BUILDING

4.1 Introduction

Building capacity of the officials into AML/CFT related operations is always considered as one of important areas in improving AML/CFT regime in Sri Lanka. Accordingly, in 2023, officials of the FIU-Sri Lanka participated in 19 international training sessions and 23 local training sessions. The exposure gained through these foreign as well as local training sessions were shared with the rest of the staff and the knowledge were extensively used in outreach programs conducted for the stakeholders. The Centre for Banking Studies (CBS) facilitated the majority of the local training sessions, and US Department of Justice provided both international and local opportunities for FIU-Sri Lanka officials. In order to enhance the capacity of its staff, the FIU-Sri Lanka invited related authorities to share their market specific knowledge with the relevant FIU officials. These activities indeed helped to increase different market exposures which enabled efficiency in applying AML/CFT requirements for particular markets.

4.2 International Training Opportunities During 2023

Table 4.1

International Training Programmes / Seminars/ Workshops / Conference/ Events/ Meetings Attended by Officers of the FIU-Sri Lanka During 2023

	Month	Training Programmes/ Seminar/ Workshop/ Conference/ Events/ Meetings Attended	Institution Organised
01	February	SEACEN Course on Risk Based Supervision and the Supervisory Review Process (Virtual Programme)	SEACEN
02		White Collar Crime Investigative and Prosecution Skills	US Department of Justice
03	March	Assessor Training Programme	APG
04		Fundamentals of Counterterrorism Finance (Virtual Programme)	US Department of Justice
05	May	Combatting Narcotics Trafficking Regional Programme	US Department of Justice
06	June	SEACEN Course on New Tools in Supervisory Monitoring and Examination	SEACEN

07	July	Counterproliferation Finance and International Sanctions Symposium	SEACEN in association with CRDF Global
08		No Survivor Left Behind: Opportunities and Challenges in Eradicating Labour Trafficking in Canada (Virtual Programme)	FINTRAC
09		Implementing AML/CFT Standards Enhancing Beneficial Ownership Transparency Frameworks	IMF Training Institute, Singapore
10		Counter Transnational Organised Crimes	US Department of State
11		Annual Plenary of APG	APG
12	September	VICTOR Kick-off Meeting (Virtual Assets - Facilitated Financial Crime - Trace, Obstruct and Recover)	INTERPOL - Financial Crime and Anti-Corruption Centre
13		Underground Economy Conference 2023	Cybercrime Programme Office (C-PROC)
14		Mutual Evaluation of Timor Leste	APG
15	November	South Asia Regional Anti-Corruption Workshop	US Department of Justice
16		APG Focused FATF Standards Training Programme	APG
17		GLACY + Train the Trainer Workshop	INTERPOL
18		Asset Recovery Conference	Egmont Group
19	December	Octopus Conference	Council of Europe
20		Workshop on Strengthening Trans-Regional Action and Response Against Smuggling of Migrants	United Nations Office on Drugs and Crime (UNODC)

Source: Financial Intelligence Unit- Sri Lanka

4.3 Local Training Opportunities during 2023

Table 4.2
Local Training Programmes / Workshops / Events Attended by Officers of FIU-Sri Lanka
During 2023

	Month	Training Programme / Workshop / Event	Institution Organized
01	January	Team Building Session for FIU Officers	CBS
02		Countering TBML Masterclass	ADB
03	February	Course on Basic Econometrics	CBS
04	March	Intermediate Course on MS Excel	CBS
05		Techniques of Effective Writing Skills	CBS
06		Intermediate Course on MS Excel	CBS
07	April	Certificate Course on Compliance in Banks	CBS
08		Webinar on Anti-Corruption Bill: The Role of the Corporate Sector (Virtual Programme)	Asian Pathfinder Legal Consultancy and Drafting Services Ltd
09	May	Certificate Course on Advanced Excel	CBS
10		INTERPOL Training Programme on Search, Seizure and Confiscation of Online Crimes	INTERPOL
11		Interpreting Economic Data	CBS
12	July	Personal Data Protection Act: Impact for Financial Industry	CBS
13	August	Workshop on Enhancing Port Security Capacities to Reduce Proliferation Risks	US Embassy
14		Course on International Money Laundering Investigation	US Department of Justice
15		Certificate Course on Advanced Excel	CBS
16	September	Workshop on IRS Financial Investigative Techniques	US Department of Justice
17		Effective Writing Skills for Officers of CBSL	CBS
18	October	Workshop on Mutual Legal Assistance	US Department of Justice
19		Central Bank of Sri Lanka Act and Operations of the Central Bank	CBS
20	November	Creating Work-Life Harmony Strategies for Reducing Stress in Workplace	CBS
21		Introduction to Life Assurance for FIU	IRC SL
22		Speed Reading	CBS
23	December	Next-Gen Banking and Payments: Tech Trends and Data-Driven Culture	CBS

CHAPTER 05 AWARENESS PROGRAMMES

5.1 Introduction

Outreach programmes for public as well as private sector are considered as the key vehicle in cultivating AML/CFT compliance culture, among these stakeholders. Hence, the FIU-Sri Lanka allocates a considerable amount of time, number of staff and expenditure for conducting awareness programmes. The FIU - Sri Lanka, continued to conduct its awareness campaign as same as previous years with the objective of facilitating and coordinating the prevention of ML/TF/PF in the country. The FIU-Sri Lanka successfully conducted 58 awareness programmes in 2023 with the participation of more than 3500 individuals representing RIs, LEAs and other stakeholders. Further, the FIU-Sri Lanka also used printed and electronic media to publish press releases and newspaper advertisements in main three languages to enhance public awareness.

5.2 Seminars and Workshops Organized by the FIU-Sri Lanka

Table 5.1
Seminars and Workshops Organized by the FIU-Sri Lanka during 2023

	Date	Programme	Stakeholder	Venue
1	04.01.2023	Awareness for Police Officers	Officers of SL Police	Virtual
2	25.01.2023	Workshop on TBML	Licensed Banks, Law Enforcement Agencies and Regulators	CBS
3	26.01.2023	Workshop on TBML	Law Enforcement Agencies and Regulators	CBS
4	01.02.2023	Awareness Programme for Police Officers	Police Officers	CBS
5	06.02.2023	AML/CFT Compliance for Financial Institutions	Officers from FIs	Virtual
6	22.02.2023	Awareness on Crypto Currencies	CID Officers	CID Head Quarters

7	24.02.2023	Know Your Customer Regulations and its importance	Bank Tellers and Counter Staff of FIs	CBS
8	27.02.2023	AML/CFT and the Role of the FIU	IRD Officers	IRD
9	15.03.2023	Workshop on Fundamentals of Counter Terrorism Financing	all FIU Officers	CBSL
10	04.05.2023	Certificate Course on "Compliance in Banks"	Officers from FIs	CBS
11	17.05.2023	AML/CFT Compliance for Financial Institutions	Officers from FIs	CBS
12	18.05.2023	Certificate Course on Compliance in Banks	Officers of LBs	CBS
13	20.05.2023	Familiarization Programme for Chief Inspector of Police 03 /2023 -FTRA and PMLA	SL Police	National Police Academy
14	04.05.2023	Workshop on Search, Seizure and Confiscation of online crime proceeds	Officers from AG's Dpt, MOJ, Cyber Crime Division of CID, CID and FIU	CBS
15	26.05.2023	Familiarization Programme for Chief Inspector of Police 03 /2023 -FTRA and PMLA	SL Police	National Police Academy
16	29.05.2023	Familiarization Programme for Chief Inspector of Police 03 /2023 -FTRA and PMLA	SL Police	National Police Academy
17	04.05.2023	Awareness on AML/CFT	Compliance Officers of Finance Companies	Finance House
18	04.05.2023	Awareness on Crypto Currencies	CID Officers	CID Head Quarters
19	05.06.2023	Induction Programme for New Officers of FCCID	FCCID, CID	Financial and Commercial Crime Investigation Division
20	07.06.2023	Workshop for Thematic Working Groups	MOF, National Cadet Corps, FCCID	CNI Office
21	12.06.2023	Workshop on NRA Outcome and Compliance Obligations for Insurance Companies	Insurance Companies	CBS
22	13.06.2023	Workshop on NRA Outcome and Compliance Obligations for Stockbrokers	Stockbrokers	CBS
23	14.06.2023	Basic Excel Programme	officers of FCCID	CBS
24	16.06.2023	Training Programme on Human Trafficking and Human Smuggling 03/2023	Sri Lanka Police	National Police Academy

25	19.06.2023	Workshop on NRA Outcome and Compliance Obligations for LFCs	Licensed Finance Companies	CBS
26	26.06.2023	Workshop on NRA Outcome and Compliance Obligations for Real Estate Sector	Real Estate Sector	CBS
27	04.07.2023	Awareness Programme on “AML/CFT Compliance Obligations and New Developments for the Gem and Jewellery Sector”	Gem and Jewellery Sector	CBS
28	06.07.2023	Certificate Programme on Compliance	LCBs and LSBs	CBS
29	07.07.2023	Awareness Programme on “Financial Market and Corporate Governance of Corporative Societies”	Cooperative societies	CBS
30	27.07.2023	Awareness Session for FIU on Cryptocurrency Investigations	All FIU Officers, Breadcrumbs	Virtual
31	08.08.2023	Online Awareness Session on AML/CFT Compliance Programme for Financial Institutions for officers of FIs	FIs	Virtual
32	08.08.2023	Training Programme on Human Trafficking and Human Smuggling 04/2023	Sri Lanka Police	National Police Academy
33	08.08.2023	AML/CFT Compliance for Financial Institutions	Officers from FIs	Virtual
34	16.08.2023	AML/CFT Compliance Obligations for the Gem and Jewellery Sector	Officers from FIs	C5
35	17.08.2023	Workshop for all Banks on goAML System Usage and Web Reporting	LCBs and LSBs	CBS
36	22.08.2023	Workshop for LFCs on goAML System Usage and Web Reporting	LFCs	CBS
37	29.08.2023	Training Programme on Mastering Legal and Regulatory Framework Related to Financial Institutions for Legal officers of FIs at CBS	Legal Officers of FIs	CBS
38	09.09.2023	Awareness Session for Sri Lanka Police, Organized by Sri Lanka Police Academy	Sri Lanka Police	National Police Academy
39	15.09.2023	Training Programme on Human Trafficking and Human Smuggling 05/2023	Sri Lanka Police	National Police Academy
40	21.09.2023	Awareness Programme on ML/TF, Pyramid Schemes and Unauthorized Deposits	Sri Lanka Police	Regional Education Center, Kurunegala

41	22.09.2023	Awareness Programme on ML/TF, Pyramid Schemes and Unauthorized Deposits	Sri Lanka Police	Regional Office, CBSL, Anuradhapura
42	03.10.2023	Awareness Session for Journalists with the aim of providing them with insights into AML/CFT and NRA	Journalists	CBS
43	05.10.2023	Awareness for Police Officers with the aim of providing them with insights into SL AML/CFT and NRA	Police Officers	CBS
44	02.11.2023	Awareness for Officers of Intelligence Agencies on Effective Implementation of UNSCR TFS Provisions	Intelligence Officers (MOD)	Ministry of Defense
45	20.10.2023	Awareness series on Managing Financial Crime Risks in the Financial Services Sector in Sri Lanka	LBs, LFCs and MVTS providers	CBS
46	27.10.2023			
47	10.11.2023			
48	23.11.2023			
49	24.11.2023			
50	30.11.2023			
51	01.12.2023			
52	08.12.2023			
53	12.12.2023	Awareness session for Restricted Dealers	COs of RDs and DFE	Atrium
54	15.12.2023	Awareness on Registration of Express Trusts	Officers of RGD	CBS
55	20.12.2023	Workshop on 'Current Processes and Procedures of UNSCR 1373 and 1267 Resolutions and Standing Order Procedures of Competent Authority	Intelligence officers, officials from Department of Motor Traffic, Department of Registration of Persons and Registrar General Department	CBS

Source: Financial Intelligence Unit-Sri Lanka

5.3 Depth and Breadth of Awareness Programmes Conducted by the FIU - Sri Lanka

Table 5.2

Statistics on Awareness Programmes Conducted by the FIU - Sri Lanka during 2016-2023

Year	Number of Awareness Programmes	Number of Participants	District Covered
2016	30	1630	Colombo, Matara, Matale, Kurunegala, Galle, Jaffna

2017	35	2624	Colombo, Batticaloa, Trincomalee, Matara, Anuradhapura, Nuwara Eliya
2018	61	3412	Colombo, Trincomalee, Matale, Anuradhapura, Matara
2019	55	3688	Anuradhapura, Batticaloa, Colombo, Jaffna, Killinochchi
2020	27	1978	Colombo, Galle, Matara and island-wide coverage with online programmes
2021	65	Over 5000	Island-wide coverage with online programmes
2022	25	2708	Colombo, Kurunegala, Anuradhapura and Island-wide coverage with online programmes
2023	58	Over 3500	Colombo and Island-wide coverage with physical and online programmes

Source: Financial Intelligence Unit-Sri Lanka

5.4 Awareness through Print and Electronic Media

Table 5.3

Press Releases Published During 2023	Press Release
29.03.2023	Risks of Using and Investing in Cryptocurrency
24.08.2023	Public Complaints on Unlawful Pyramid Schemes

Source: Financial Intelligence Unit-Sri Lanka

CHAPTER 06 IT INFRASTRUCTURE FOR REPORTING

6.1 Introduction

As per the FTRA the RIs require to report threshold transactions in addition to the suspicious transactions. As a measure forward, improving the reporting of threshold transactions and suspicious transactions the FIU-Sri Lanka commenced the process of RIs reporting to the goAML Live System as a parallel to the LankaFIN system in several phases with effect from February 2022. The goAML system and transaction reporting is handled by the Financial Data Management Division (FDMD) of the FIU. The following table depicts the phases of implementing goAML live reporting, as given below:

Table 6.1
goAML Live Reporting Implementation Phases

Month	Completed Phase
February 2022	Threshold reporting: Cash, EFT, International Fund Transfer (IFT) transactions over LKR 1 million for all licensed Banks (LCBs and LSBs)
February 2022	STR reporting for all RIs
October 2022	Threshold reporting: (Cash/EFT/IFT transactions over LKR 1 million) for all other RIs (LFCs, SBs, ICs, MVTs Providers)

Source: Financial Intelligence Unit-Sri Lanka

During the early stages of goAML reporting, the FIU - Sri Lanka observe numerous data quality issues due to RIs adapting to the new system. Accordingly, the FIU - Sri Lanka developed mechanisms from 2022 to 2023, to filter and validate goAML reports submitted by the RIs. Further, a stage one primary level strategic analysis on data validation was conducted and continuously provided feedback to RIs on their goAML reporting issues. As a result, the quality of goAML reporting by the majority of RIs improved towards the end of the year. However, there are significant concerns remain on data quality issues (especially in non-bank RIs) which are being addressed and kept under constant monitoring for improvements.

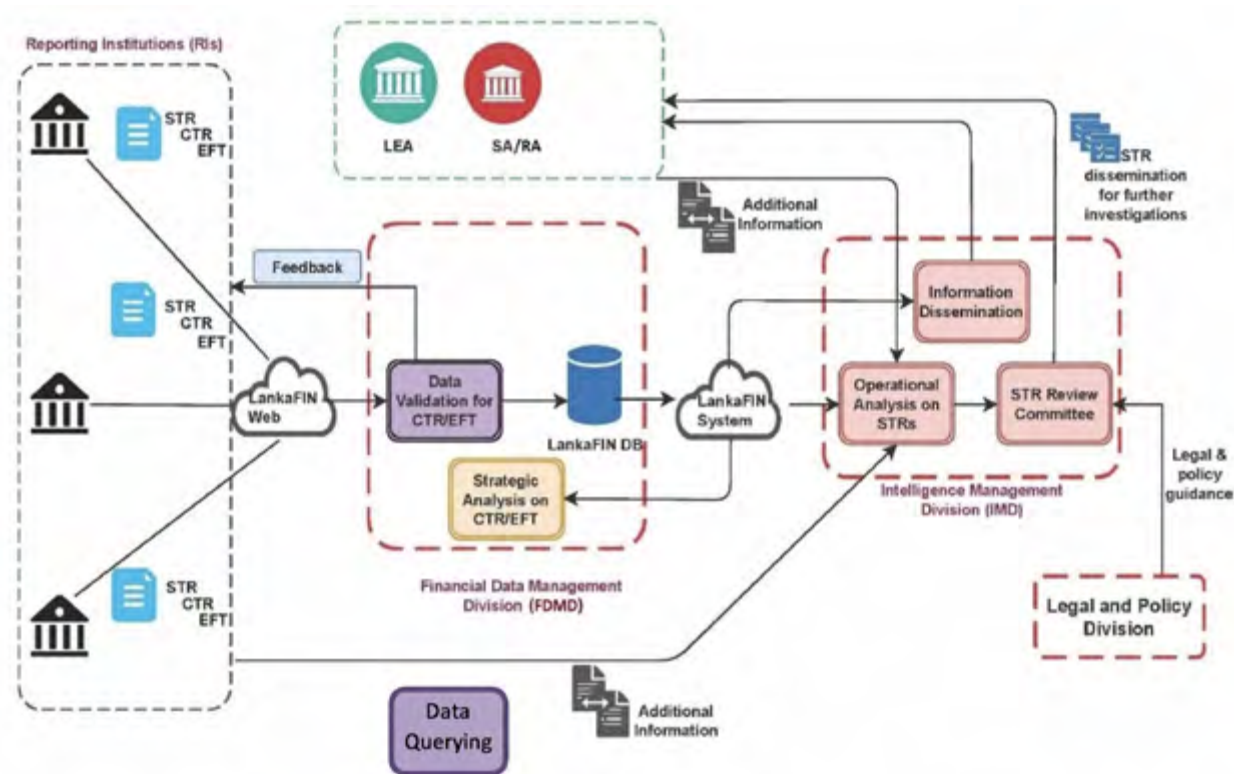
The key activities carried out by FIU-Sri Lanka to maintain and improve IT infrastructure for transaction reporting are indicated in Table 6.2 below:

Table 6.2
Activities Carried Out on IT Infrastructure for Reporting

Key Activities	Completed Phase
LankaFIN Online Reporting System (only for Non-Bank RIs)	<ul style="list-style-type: none"> • Maintaining all users (new user creation, existing user deactivation and password resets) • Receiving and validating threshold reports to LankaFIN database • Coordinating with CBSL IT Department to resolve issues in the LankaFIN system
goAML Online Reporting System (for all RIs)	<ul style="list-style-type: none"> • Maintaining Institution and CO user accounts for all RIs • Receiving and validating threshold reports to goAML database • Data cleaning and preparation in goAML database • Maintaining workflows for core analysis activities • Providing assistance to RIs on goAML reporting • Providing feedback to the RIs on goAML reporting • Coordinating with the United Nations Office on Drugs and Crime as well as the IT Department of CBSL, to resolve issues in the goAML system
Providing Information to the RIs through Updating the FIU-Sri Lanka Website	<p>Updating the content on the FIU-Sri Lanka website in relation to following:</p> <ul style="list-style-type: none"> • Rules and Directions, Circulars and Guidelines • Press releases • UNSCR list updates • Public awareness notices

6.2 LankaFIN Online Reporting System

Figure 6.1
Reporting, Analysis and Dissemination of Information in the FIU-Sri Lanka
through 'LankaFin' System

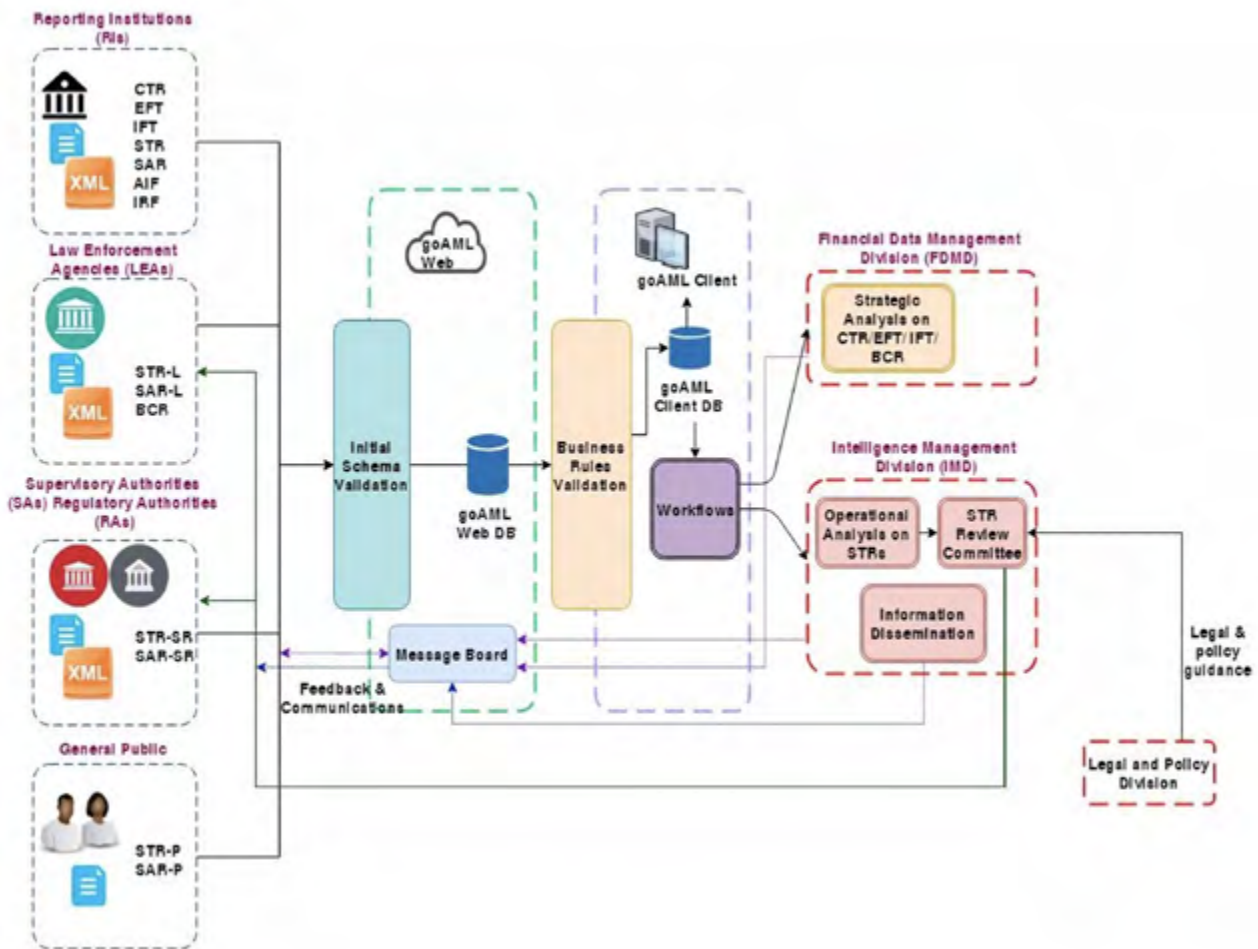


Source: Financial Intelligence Unit-Sri Lanka

6.3 goAML Online Reporting System

LankaFIN system has reached its end-of-life (EOL) due to outdated technology and lack of updates, and it is only being operated for Non-Bank RIs as an alternative reporting platform until these institutions complete system developments for goAML reporting. LankaFIN system will be decommissioned by the end of 2024 and goAML system will be the only reporting platform for all RIs for all types of reporting (threshold reporting, STR/SAR reporting, Call for Information reporting, etc.).

Figure 6.2
STR Reporting, Analysis and Dissemination of Financial Information in the FIU-Sri Lanka through goAML System



Source: Financial Intelligence Unit-Sri Lanka

6.4 Threshold Reporting Statistics

In 2023, threshold reporting of licensed Banks (LCBs and LSBs) further improved from its status in 2022 with more banks commencing threshold reporting to goAML system and including all reportable business modules for reporting. As a result, an increase in threshold reporting by Banks can be seen in 2023 compared to 2022, as shown in Figures 6.3 and 6.4.

Figure 6.3

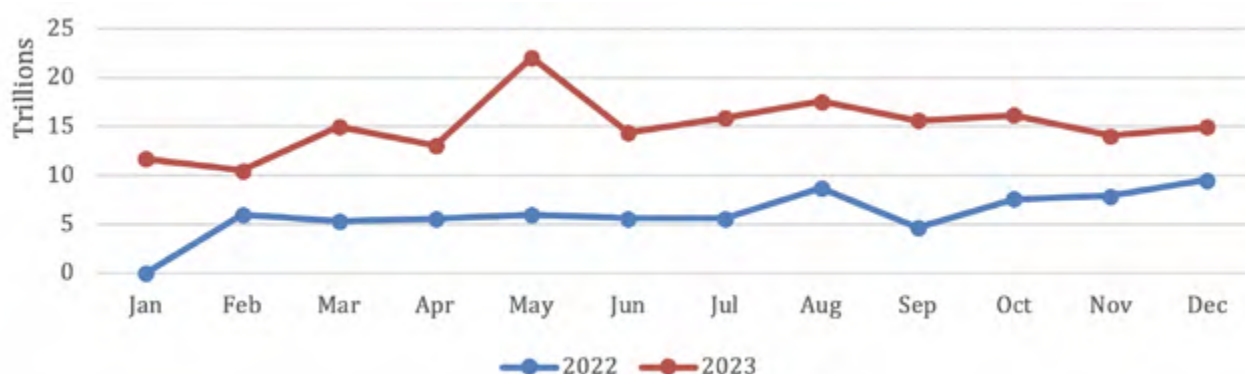
Monthly Reporting of Number of Threshold Transactions by Banks (LCBs and LSBs) to goAML in 2022 and 2023



Source: goAML, Financial Intelligence Unit-Sri Lanka

Figure 6.4

Monthly Reporting of Value (LKR) of Threshold Transactions by Banks (LCBs and LSBs) to goAML in 2022 and 2023



Source: goAML, Financial Intelligence Unit-Sri Lanka

Table 6.3

Monthly Reporting of Number and Value (LKR) of Threshold Transactions by Licensed Banks to goAML in 2022 and 2023

Month	2022		2023	
	Number of Transactions	Value (LKR Bn)	Number of Transactions	Value of (LKR Bn)
Jan	3,489	20.19	1,510,418	11,661.46
Feb	564,855	5,969.66	1,412,952	10,511.27

Mar	709,216	5,313.09	1,622,256	15,013.51
Apr	726,577	5,553.13	1,357,145	13,068.67
May	681,528	5,995.66	1,862,483	22,097.28
Jun	632,460	5,645.48	1,570,850	14,385.87
Jul	542,050	5,595.83	1,657,469	15,891.72
Aug	1,008,032	8,710.33	1,910,564	17,578.52
Sep	533,705	4,637.61	1,742,854	15,597.45
Oct	795,378	7,571.87	1,812,458	16,129.38
Nov	803,651	7,924.80	1,697,174	14,063.91
Dec	983,678	9,571.12	1,773,133	14,915.30

Source: goAML, Financial Intelligence Unit-Sri Lanka

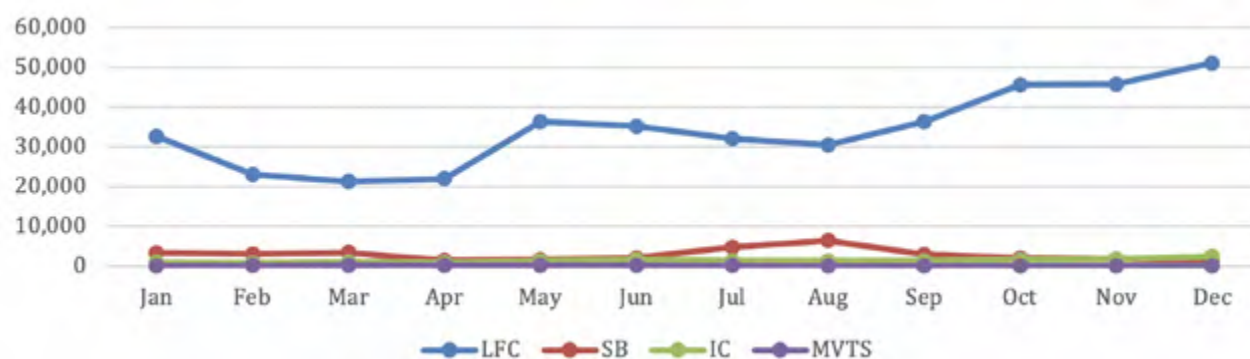
However, a considerable number of issues remaining in relation to the quality of threshold report data submitted by LBs to the goAML system (especially in terms of accuracy, completeness, and adhering to goAML reporting models), and the FIU constantly engaged LBs during 2023 to provide feedback on data quality issues. The FIU also provided guidance and directions to LBs throughout the year on data quality rectifications which contributed to improving the threshold reporting by LBs towards the end of 2023.

Non-Bank RIs commenced threshold reporting to goAML system at the later part of 2022, but their reporting did not materialize until mid-2023 due to various reasons such as lack of resources and system readiness of RIs. In terms of transaction counts and values reported by Non-Bank RIs, a considerable gap can be observed compared to those submitted by LBs in 2023, as shown in Figures 6.5 and 6.6, where the transactions are in thousands (compared to millions for LBs) and value of transactions is in billions (compared to trillions for LBs).

While this observation is expected due to the relatively small size of the financial sector of Non-Bank RI sector compared to LBs, lacunas in goAML threshold reporting also contributed to a major portion of that gap. The FIU-Sri Lanka constantly engaged with Non-Bank RIs throughout 2023 to provide feedback and guidance to improve threshold reporting to goAML.

Figure 6.5

Monthly Reporting of Number of Threshold Transactions by Non-Bank RIs (LFCs, SBs, ICs and MVTS Providers) to goAML in 2023



Source: goAML, Financial Intelligence Unit-Sri Lanka

Table 6.4

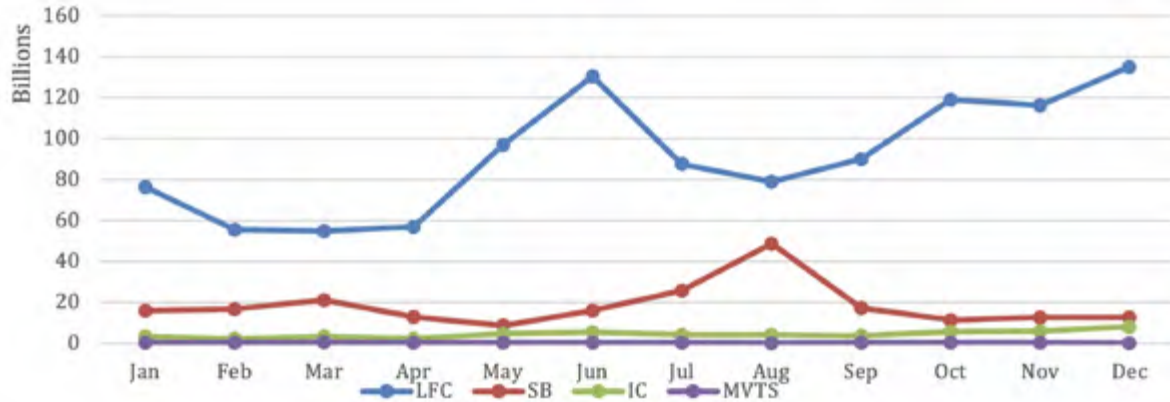
Monthly Reporting of Number of Threshold Transactions by Non-Bank RIs (LFCs, SBs, ICs, and MVTS Providers) to goAML in 2023

Month	LFCs	SBs	ICs	MVTS Providers
Jan	32,682	3,355	1,067	186
Feb	23,130	3,162	858	201
Mar	21,356	3,481	1,145	300
Apr	22,030	1,484	1,031	221
May	36,379	1,743	1,409	235
Jun	35,165	2,105	1,750	238
Jul	32,137	4,880	1,360	207
Aug	30,509	6,544	1,439	62
Sep	36,364	2,981	1,466	193
Oct	45,605	2,081	1,743	155
Nov	45,824	1,849	1,809	170
Dec	51,071	1,664	2,542	108

Source: goAML, Financial Intelligence Unit-Sri Lanka

Figure 6.6

Monthly Reporting of Value (LKR) of Threshold Transactions by Non-Bank RIs (LFCs, SBs, ICs and MVTs Providers) to goAML in 2023



Source: goAML, Financial Intelligence Unit-Sri Lanka

Table 6.5

Monthly Reporting of Value (LKR) of Threshold Transactions by Non-Bank RIs (LFCs, SBs, ICs, and MVTs Providers) to goAML in 2023

Month	LFCs (LKR Bn)	SBs (LKR Bn)	ICs (LKR Bn)	MVTs (LKR Bn)
Jan	76.59	16.11	3.47	0.29
Feb	55.72	16.75	2.35	0.33
Mar	54.93	21.25	3.39	0.52
Apr	57.01	12.97	2.41	0.40
May	97.01	8.79	4.62	0.40
Jun	130.47	16.04	5.53	0.41
Jul	87.67	25.83	4.10	0.30
Aug	79.06	48.73	4.22	0.09
Sep	90.10	17.23	3.72	0.31
Oct	119.10	11.43	5.67	0.24
Nov	116.28	12.72	6.03	0.28
Dec	135.13	12.59	8.09	0.14

Source: goAML, Financial Intelligence Unit-Sri Lanka

6.5 Publications in the FIU-Sri Lanka Website

Table 6.6
Details of Updates in FIU-Sri Lanka Website during 2023

Date	Publication
January 16, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)
February 02, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)
March 03, 2023	Circular 01/2023 - Calling for Due Vigilance on Compliance Lapses
March 15, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)
April 26, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)
May 09, 2023	Press Release: Imposition/ Collection of Administrative Penalties by the Financial Intelligence Unit (FIU) to Enforce Compliance on Financial Institutions from 17 November 2022 to 31 March 2023
June 07, 2023	Circular 02/2023 - Institutional Compliance of Real Estate Sector under the Financial Transactions Reporting Act, No. 06 of 2006
June 17, 2023	Update of the list of Designated Persons under Regulation 4(7) of the United Nations Regulations No. 1 of 2012 pursuant to Security Council resolution 1373 (2001)
June 29, 2023	Update to the lists established and maintained pursuant to Security Council resolutions 1718 (2006) and subsequent resolutions on Democratic People's Republic of Korea (DPRK)
July 07, 2023	Press Release: Real Estate Agents are Advised to Ramp up AML Measures
July 19, 2023	Press Release: AML Compliance Requirements for Gem and Jewellery Sector in Sri Lanka
July 21, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)

July 27, 2023	Press Release: Governor of the Central Bank of Sri Lanka/The Chairman of the National Coordinating Committee, Dr Nandalal Weerasinghe, Attends the Asia Pacific Group on Money Laundering Annual Plenary, during 11th to 14th July 2023 in Vancouver, Canada
August 22, 2023	Circular 03/2023 - Reminder on Adherence to Previously Issued Guidelines and Reporting Formats on Mandatory Reporting under the Financial Transactions Reporting Act, No. 06 of 2006
September 01, 2023	Guidelines 02/2023 - Guideline on AML and CFT compliance for the Attorneys-at-Law and Notaries
September 14, 2023	Press Release: The Financial Intelligence Unit of Sri Lanka Releases the Sanitized Report of the Second National Risk Assessment on Money Laundering and Terrorism Financing
September 15, 2023	Press Release: Asia Pacific Group on Money Laundering Visit to Sri Lanka - Mutual Evaluation Preparation Briefing and Workshop (6th to 8th September 2023)
October 17, 2023	Press Release: Imposition/ Collection of Administrative Penalties by the Financial Intelligence Unit (FIU) to Enforce Compliance on Financial Institutions from 01 April 2023 to 26 September 2023.
October 30, 2023	Updated Designated Individuals and Entities Lists Relating to United Nations Regulations - as of October 30, 2023
November 14, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)
December 19, 2023	Update of the list established and maintained pursuant to Security Council resolutions 1267(1999), 1989(2011) and 2253 (2015)

Source: Financial Intelligence Unit-Sri Lanka

CHAPTER 07 **TYOLOGY ANALYSIS AND CASE STUDIES**

TYOLOGY 1: Investment Scam Involving Cryptocurrency

The trend of cryptocurrencies being used in scams has been on the rise due to several factors. The pseudonymous nature of cryptocurrencies, as well as the decentralized and borderless nature of blockchain technology, has made it easier for scammers to operate anonymously and evade regulatory scrutiny. Additionally, the excitement on cryptocurrencies has attracted inexperienced investors who may be more susceptible to fraudulent schemes which promise quick and high returns.

The FIU-Sri Lanka received several STRs from RIs, on an ongoing investment scam which involves cryptocurrency. The investment scam has been promoted in several areas of the country, especially in rural areas claiming to be a cryptocurrency investment scheme which generates revenue through cryptocurrency trading. As per the promotional materials, the so-called investment scheme was operated by a foreign company (Company A), and the investors were invited to invest in the scheme using USDT (USD Tether), for which a very high return was guaranteed within a short period of time. Introducing new investors to the scheme ensured that the time period taken to receive the return is shortened. The promotion of the scheme in Sri Lanka was done by Company B.

Accordingly, the FIU-Sri Lanka initiated the analysis of cryptocurrency transactions relating to the said scheme. Further information was requested/collected from Virtual Asset Service Providers (VASPs), Department of Registrar of Companies (ROC), Foreign FIUs and other information sources such as YouTube, cryptocurrency payment gateways.

The information received revealed that the potential investors of the said scheme are to register on a website dedicated to the scheme. Subsequent to registering on the website, an account is created for the user on the website, and the users are to deposit cryptocurrency (in USDT) to a wallet address displayed on the website, to commence the investment. The wallet address displayed on the website is changed on every occasion a user is to invest in the scheme. These addresses were provided from a pool of addresses via an external Application Programming Interface (API) service to the website. Once a deposit is made into the wallets, the account on the website is updated to display the investment details, including the invested amount and the returns for the investment as well as the returns earned for introducing other investors to the scheme.

Blockchain analysis of the cryptocurrency transactions revealed that, the USDTs deposited to the aforementioned wallets as an investment, have been forwarded to four intermediary wallet addresses and were later transferred to a different wallet (Wallet P), which contained the total amount of USDTs invested into the scheme. The information received from the VASP and the ROC confirmed that Wallet P belonged to a Director (Director X) of Company B.

Blockchain analysis of the cryptocurrency transactions revealed that, the USDTs deposited to the aforementioned wallets as an investment, have been forwarded to four intermediary wallet addresses and were later transferred to a different wallet (Wallet P), which contained the total amount of USDTs invested into the scheme. The information received from the VASP and the ROC, confirmed that Wallet P belonged to a Director (Director X) of Company B.

Further analysis revealed that the funds in Wallet P have been further transferred to the associates of Director X. Accordingly, a large sum of USDTs have been transferred to wallets owned by foreign residents, including the Chairman of Company A. A part of the USDTs transferred to foreign residents have been converted into fiat currency at a foreign jurisdiction.

Although the promotional materials claimed that the return for investment is generated through cryptocurrency trading, no evidence of trading was identified for the period in which the scheme operated. Furthermore, the analysis revealed that the information relating to the returns of investors displayed in the user accounts on the website has not been the actual representation of USDTs in the blockchain.

Accordingly, the promoters of the fraudulent scheme exploited the general public's limited understanding of cryptocurrency trading, coupled with the promise of attractive investment returns, to deceive individuals into participating in their fraudulent endeavor. The promoters strategically targeted vulnerable populations, such as retirees, or those seeking quick financial gains, to maximize their fraudulent gains. Moreover, enthusiasts in emerging technology who were eager to invest in cryptocurrency were also deceived into participating in the scam.

TYOLOGY 2: Trade Based Money Laundering

Entities Involved:

L: A sole proprietorship established in 2022 dealing in textiles.

M: A sole proprietorship established in 2005 specializing in phone repair and sales.

N: A private limited company engaged in import/export business incorporated in 2023.

O: A private limited company engaged in import/export business incorporated in 2015.

All entities had different ownership structures.

Common Factors:

- Despite different incorporation dates, ownership structures, and business activities, all entities have accounts at ABC Bank.
- Further, these accounts were all opened in June and July 2023, which raises suspicion

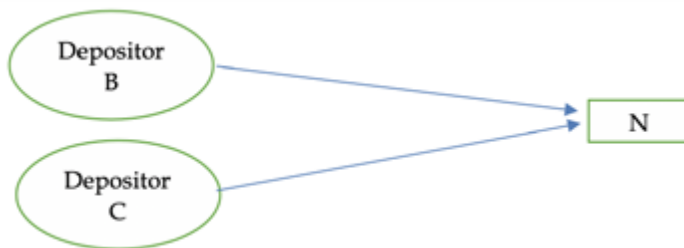
Business Operation purported to conduct through the accounts:

Suspicious Activities:

- Third-party depositors consistently funneled funds into these accounts.
 - o The same depositor has made deposits to the accounts of multiple entities.



- o Multiple depositors have deposited money into the account of the same entity.



- Performa Invoices submitted by these entities had remarkably similar formats and signature seals, suggesting possible fraud or collusion.

The FIU-Sri Lanka received STRs outlining these activities as suspicious, and analysis of these reports raised concerns about potential coordinated fraudulent activities across these entities.

Further analysis of supplier information and the goods they imported led to the identification of discrepancies, raising further suspicions.

Additionally, preliminary information from Sri Lanka customs suggested that there was no information on previous imports done by these entities (L, M, N, and O) to establish them as genuine importers, complicating the situation further.

As per the analysis of Outward Telegraphic Transfers (OTT), a large amount of money, approximately LKR 500 million, was either remitted or attempted to remit outside of the country, possibly using fraudulent invoices, under-valuing or over-valuing imports and perhaps importing different commodities declared in the invoices suggesting possible illegal financial activity.

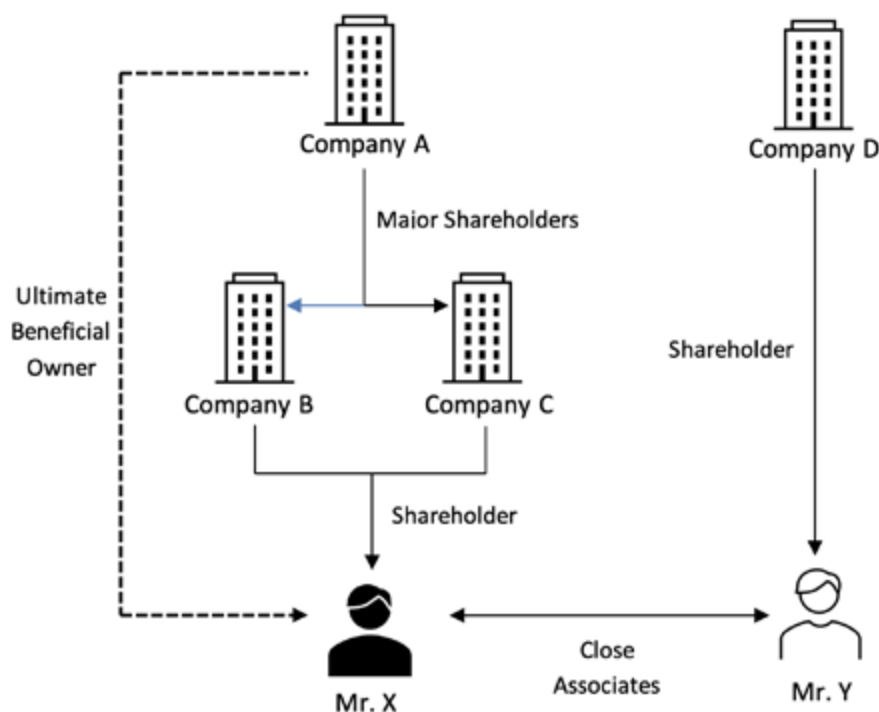
Considering these findings, suspicion regarding potential illicit activities was substantiated. Upon gathering further information from relevant information sources and Sri Lanka Customs, the FIU-Sri Lanka referred this case for joint investigation by the Law Enforcement Agencies (LEAs).

TYPOLGY 3: Involvement of a Politically Exposed Person in a Bribery and Corruption-Related to Money Laundering Scheme.

An STR was received about a recently established Limited Liability Company (Company A) tasked with a specific government project in Sri Lanka for receiving a significant amount of money to the account even before the implementation of the project.

Analysis of the ownership structure revealed that Company B and C are the major shareholders of Company A. Additionally, the Ultimate Beneficial Owner (UBO) of Company A was identified as a Politically Exposed Person (PEP), named as Mr. X.

Further analysis of the transactions revealed that most of the funds received to Company A were received as inward remittances from a company (Company D) located in Country P. The UBO of Company D, Mr. Y, was found to be a close associate of Mr. X.



A portion of such funds received were routed through various accounts belonging to Mr. X's close associates and their companies before reaching Company A's account.

It was also revealed that Mr. X operates a public trust fund where the deposits are made in cash and transferred as CEFT transfers to Company A. The analysis of Company A's transactions revealed a pattern of frequently opening and closing short-term fixed deposits, typically lasting one month.

Due to anomalies in the transactions, the bank has made inquiries regarding the transaction pattern of Company A's account. However, the company has failed to submit any documentation regarding the source of funds and the reason for the transactions.

Some of the red flags in this scenario are:

- Close association with PEPs: The involvement of Mr. X and his close associate, Mr. Y. The transactions between companies A and D, where Mr. X and Mr. Y are the UBOs, respectively.
- Lack of business operations: Company A showed little to no actual business operations or tangible outputs despite receiving significant financial inflows.
- Use of cash deposits: Cash deposits into the public trust fund of Mr. X, followed by transfers to Company A.
- Short-term fixed deposits: Repeatedly opening and closing of fixed deposits for short durations, such as one month.
- Lack of transparency in corporate structures: Complex corporate structures were observed with unclear details about beneficial ownership, especially involving multiple layers of intermediaries or offshore entities.
- Failure to provide documentation: Despite inquiries from the bank, Company A failed to provide adequate documentation or explanations for the origin and purpose of the funds.
- Routing the funds: The inward remittances were routed through several accounts before reaching the destination, Company A.

These actions and the pattern of transactions involving the PEP using multiple companies and associates, including the public trust fund, would amount to an attempt to launder the proceeds from Bribery and Corruption.

TYPOLGY 4: Task Scams

Recently, FIU - Sri Lanka has observed that many people have fallen victim to task scams in Sri Lanka. A task scam is a deceptive scheme where individuals are tricked into performing simple tasks for a fake employer. These scams typically target job seekers on job sites or social media platforms, offering flexible hours and remote work without requiring prior experience. Tasks may involve watching videos, filling out forms, writing reviews, etc. Scammers may also entice victims with promises of commission-based earnings or daily cryptocurrency payments, exploiting their time and personal information under false pretenses.

In some cases, scammers may request victims to pay an enrollment fee or additional amounts to access more tasks or release earnings purportedly earned from completed tasks. These requests are designed to convince victims to provide money upfront, which will be withdrawn by the scammers for their use without ever fulfilling their repayment promises.

General Public need to verify the legitimacy of any job opportunity and avoid providing personal or financial information until they have thoroughly researched and confirmed the employer's or task provider's authenticity.

CASE STUDY 1: Transaction Monitoring to Identify Suspicious Activities for Money Laundering and Terrorist Financing Through Financial Institutions

Introduction: This case study aims to explain the transaction monitoring process of a financial institution, 'ABC' Bank, and its failure of effectively implement the process leading to the regulatory actions taken against the Bank.

CDD Measures: 'ABC' Bank opened a savings account for Mr. X, an individual who is doing business in Sri Lanka, at branch 'G'. The Bank conducted Customer Due Diligence (CDD) on Mr. X at the time of account opening and obtained relevant CDD documents. The initial Know Your Customer (KYC) form and the mandate, provided the following information about Mr. X;

- **Occupation** : Businessmen
- **Nature of business** : Fabric business
- **Expected monthly turnover** : Less than Rs. 100,000.00.
- **Date of opening account** : 17.01.2019
- **Purpose of opening account** : Savings/Investments

Transaction monitoring process: Given a significant increase in transaction volumes in Mr. X's account in 2020 and 2021 compared to 2019, the Bank's Anti-Money Laundering (AML) system generated alerts regarding Mr. X's account in three instances during 2020 - 2021, based on the scenario of multiple cash deposits, i.e., more than five times in a single day.

All three alerts were subsequently closed by the officers from the Bank's Compliance Department. Below is the summary of the analysis done by the Bank on the generated alerts.

Details of the analysis done by the Bank:

Instance 1 - The Compliance Department noted a significant number of cash deposits into the account via Cash Deposit Machines (CDMs), despite the KYC information indicating an expected monthly deposit of less than Rs. 100,000/=.

Consequently, the Compliance Department recommended that Branch 'G' to obtain the purpose behind the large number of deposits made by third parties through CDMs.

Accordingly, Branch 'G' has obtained the necessary information regarding the purpose, i.e., 'Engaged in textile business in the country and exporting to other countries'.

Instance 2 - The Compliance Department observed discrepancies in the daily transaction volume, particularly noting larger CEFT transfers, prompting Branch 'G' to gather additional information. At the request of the branch, Mr. X visited Branch 'G', where an updated KYC was obtained, indicating that his expected monthly turnover is over Rs. 10,000,000.00. It was revealed that Mr. X is involved in exporting waste materials and operates in the textile business.

Instance 3 - The Compliance Department made the following inquiries to Branch 'G':

- Confirmation of Mr. X's engagement in exporting, along with copies of export documents.
- Clarification regarding the reasons for credits in accounts occurring locally.

Upon investigation, Branch 'G' discovered that Mr. X imports day-to-day commodities for the foreign nationals in Sri Lanka through an agent. According to Mr. X, the local deposits represent the proceeds from these sales. Additionally, no documentary evidence is available as the imports are facilitated through an agent.

AML red flag indicators:

- A notable increase in transaction volumes in Mr. X's account
- A significant number of cash deposits from third parties via cash deposit machines.
- Transaction volumes deviate from Mr. X's information provided in the initial KYC form.
- Unusually large CEFT transfers in Mr. X's account.
- Absence of documentary evidence as proof for legitimate business activities.
- The complexity of business activities, i.e., Mr. X involves exporting waste materials and textiles, as well as importing day-to-day commodities for foreign nationals.
- Discrepancy between the expected monthly turnover provided in the initial KYC and the updated KYC.

Failure of Bank's transaction monitoring process: Although the Bank's AML system generated alerts on Mr. X's account, the subsequent closure of the alerts without further investigation or escalation depicts a failure in the Bank's transaction monitoring process.

Regulatory action taken against the Bank: Due to the Bank's failure to adequately address the potential red flags without thorough analysis, the Bank was found to be in regulatory non-compliance, resulting in a penalty imposed by the Financial Intelligence Unit.

CONTACT US

For enquiries about FIU-Sri Lanka or other related information, contact details are given below.

General

Telephone: +94 11 247 7509

Fax: +94 11 247 7692

Email: fiu@cbsl.lk

Website: <https://fiusrilanka.gov.lk>

Director, FIU-Sri Lanka

Dr. (Mrs.) WGSSJ Keerthiratne

Director

Financial Intelligence Unit of Sri Lanka

Central Bank of Sri Lanka, No: 30, Janadhipathi Mawatha, Colombo 01,

Sri Lanka

Email: dfiu@cbsl.lk

Telephone: +94 11 247 7125

PHOTO GALLERY

FIU-Sri Lanka signed two Memoranda of Understanding (MOUs) with FIUs of Lao PDR and Timor Leste in July 2023.



Governor Weerasinghe exchanged the MOU between FIU of Sri Lanka and FIU of Timor-Leste, with Ms Maria Jose de Jesus Sarmento, Head of the Financial Information Unit, Banco Central de Timor-Leste.



Governor Weerasinghe exchanged the MOU signed between FIU of Sri Lanka and FIU of Lao PDR with Ms Vathana Dalalay, Deputy Governor, Bank of Lao PDR.

Countering Trade Based Money Laundering Masterclass for Licensed Banks, Law Enforcement Agencies and Regulators in Sri Lanka (January 25-26, 2023)



**Knowledge Sharing Session with Financial Intelligence Unit – Maldives
(February 12-16, 2023)**



**Workshop on Anti-Money Laundering and Countering the Financing of Terrorism
(AML/CFT) for Licensed Finance Companies organized by the Finance Houses
Association (May 31, 2023)**



**Training Program on “Anti-Money Laundering/ Countering the Financing of Terrorism
(AML/CFT) Compliance Obligations for Insurance Companies” (June 12, 2023)**



Training Program on “Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) Compliance Obligations for Licensed Stockbrokers” (June 13, 2023)



**Workshop for the Licensed Finance Companies on “Monitoring Transactions, Identifying Suspicious Patterns and Suspicious Transaction Reporting”
(June 19, 2023)**



Awareness Programme on Anti-Money Laundering /Countering the Financing of Terrorism (AML/CFT) Compliance Obligations and New Developments for the Real Estate Sector (June 26, 2023)



Awareness Programme on “Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Compliance Obligations and New Developments for the Gem and Jewellery Sector” (July 04, 2023)



Awareness Programme on “Prohibited Financial Schemes, Unauthorized Deposit-Taking Institutions, Anti-Money Laundering and Countering the Financing of Terrorism, Counterfeit Notes and Financial Literacy” (September 21-22, 2023)



Awareness Programme for Journalists on “Sri Lanka’s Money Laundering and Terrorist Financing National Risk Assessment 2021/2022 and Mutual Evaluation – March 2025” (October 03, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (October 20, 2023)



Awareness Session on “Effective Implementation of UNSCR Targeted Financial Sanctions (TFS) for the Competent Authority and Intelligence Agencies” (November 02, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (November 10, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (November 23, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (November 24, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (November 30, 2023)



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (December 01, 2023)



AML/CFT Familiarization Programme for Restricted Dealers in Sri Lanka (December 12, 2023)



**Awareness session on “Registration of Express Trusts and Related Matters”
(December 15, 2023)**



Appendix A: List of Rules/Directions/Guidelines Issued from 2006 to 2023

2023

1. Calling for Due Vigilance on Compliance Lapses, Circular 01/2023
2. Institutional Compliance of Real Estate Sector under the Financial Transactions Reporting Act, No. 06 of 2006, Circular 02/2023
3. Reminder on adherence to previously issued guidelines and reporting formats on mandatory reporting under the Financial Transactions Reporting Act, No. 06 of 2006, Circular 03/2023
4. Reporting Domestic Electronic Fund Transfer Threshold Transactions to the goAML System of the FIU, Guidelines 01/2023 (unpublished)
5. Guideline on AML and CFT compliance for the Attorneys at Law and Notaries, Guidelines 02/2023
6. Identification Suspicious Transactions relating to Bribery and/or Corruption, Red Flag Indicator 01/2023 (unpublished)
7. Red Flags on possible Drug Trafficking related Financial Transactions, Red Flag Indicator 02/2023 (unpublished)
8. Identification of Suspicious Transactions relating to Insurance sector, Red Flag Indicator 03/2023 (unpublished)
9. Identification of Suspicious Transactions relating to Securities sector, Red Flag Indicator 04/2023 (unpublished)
10. Identification of Suspicious Transactions relating to MVTS sector, Red Flag Indicator 05/2023 (unpublished)

2022

1. Amendment to the Guidelines for Financial Institutions on CCTV Operations for AML/CFT Purposes No. 2 of 2021, Circular 01/2022
2. Further information requested on Suspicious Transaction Reports, Circular 02/2022
3. Provision of Efficient Banking Services to Sri Lankan Expatriates, Circular 03/2022
4. Authenticating customer identification details through the Department of Immigration and Emigration, Circular 04/2022
5. Guidelines for Financial Institutions on Keeping Accounts Reported in Suspicious Transactions Reports, Under Surveillance, No. 1 of 2022 (unpublished)

2021

1. Implementation of AML/CFT measures on parties involved with online payment platforms, Circular 01/2021
2. Trends in Foreign Currency Outflows via ATMs: Cash withdrawals overseas, Circular 02/2021
3. Additional measures to mitigate the emerging Money Laundering/ Terrorist Financing risks during the third wave of the COVID-19 Pandemic, Circular 03/2021
4. Guidelines for Financial Institutions on Enhancing STR Reporting Quality No. 1 of 2021
5. Guidelines for Financial Institutions on CCTV Operations for AML/CFT Purposes, No. 2 of 2021
6. Guidelines for Financial Institutions on Suspension of Transactions under Section 15 (2) of the FTRA, No. 3 of 2021
7. Deposits made under the Finance Act, No. 18 of 2021, Circular 04/2021

2020

1. Guidelines for LFCs, ICs and SBs on Scenario-based LankaFIN Reporting, No. 1 of 2020
2. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports, Circular No. 01/20
3. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports: Second Extension, Circular No. 02/20
4. Guideline for Accountants and Trust or Company Service Providers on Anti-Money Laundering and Countering the Financing of Terrorism Compliance Obligations, No. 2 of 2020
5. Advice to Financial Institutions to Be Vigilant on the Emerging Money Laundering/ Terrorist Financing Risks, Circular No. 03/20
6. Direction on Contacting Compliance Officials during Weekends/Public and Bank Holidays, No. 1 of 2020
7. Guidelines on Non-Face-to-Face Customer Identification and Verification Using Electronic Interface Provided by the Department for Registration of Persons, No. 3 of 2020

2019

1. Insurers (Customer Due Diligence) Rules, No. 1 of 2019 - Extraordinary Gazette No. 2123/14, May 13 of 2019
2. Conducting Enhance Due Diligence with Respect of the Non-Governmental Organizations, Not-for-Profit Organizations or Charities under Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016, Circular No. 01/19

3. Guidelines for Designated Non-Finance Businesses on Suspicious Transactions Reporting, No. 01 of 2019
4. Guidelines for Designated Non-Finance Businesses on Identification of Beneficial Ownership, No. 02 of 2019
5. Guidelines on Identification of Politically Exposed Persons, No. 03 of 2019
6. Debiting Withholding Taxes from Suspended Accounts, Circular No. 02/19

2018

1. Rules for Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018 - Extraordinary Gazette No. 2053/20, January 10, 2018
2. Amendments to the Rules for Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 - Extraordinary Gazette No. 2092/02, October 08, 2018
3. Procedure of Conducting Risk Based On-site Examinations, Circular No. 01 of 2018
4. Guidelines on ML and TF Risk Management for Financial Institutions, No. 1 of 2018
5. Guidelines on AML and CFT Compliance Obligations for Casinos and Gambling Houses, No. 02 of 2018
6. Guidelines on AML and CFT Compliance Obligations for Dealers in Real Estate and Precious Metals, Precious and Semi-Precious Stones, No. 03 of 2018
7. Guidelines for Financial Institutions on Identification of Beneficial Ownership, No. 04 of 2018
8. Guidelines, No. 5 of 2018 on Implementing United Nations (Sanctions in relation to Democratic People's Republic of Korea Regulations of 2017
9. Guidelines for Financial Institutions on Suspicious Transactions Reporting, No. 06 of 2018
10. Guidelines, No. 7 of 2018 on Implementing United Nations (Sanctions in relation to Iran) Regulations No. 1 of 2018

2017

11. Circular on on-site examination in terms of Risk-Based approach examination plan 2017 to Chief Executive Officers of all Licensed Banks and Licensed Finance Companies
12. Guidelines on AML/CFT Compliance Obligations for Money or Value Transfer Service Providers, No. 1 of 2017
13. Suspicious Transactions (Format) Regulations of 2017 - Extraordinary Gazette No. 2015/56, March 30, 2017

14. Regulations Promulgating the Implementation of UNSCR 1718 on Democratic People's Republic of Korea - Extraordinary Gazette No. 2039/32 dated October 06, 2017
15. Regulations Promulgating the Implementation of UNSCR 1540 on Proliferation of Weapons of Mass Destruction (WMD) - Extraordinary Gazette No. 2039/31 dated October 06, 2017

2016

1. KYC/ CDD Rules for Financial Institutions - Extraordinary Gazette No. 1951/13, January 27, 2016
2. Circular on Definitions/ Clarifications for Financial Institutions (Customer Due Diligence) Rules No. 1 of 2016

2015

1. Reporting of Foreign Inward Remittances

2014

1. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting Institutions - Authorized Money Changers
2. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting Institutions (UNSCR 1373) - Licensed Banks and Licensed Finance Companies
3. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Insurance Companies
4. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Stockbrokers

2013

1. Circular to Directors of All Authorized Money Changing Companies, January 31, 2013
2. Public Statement by the Financial Action Task Force
3. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - All Licensed Banks and Licensed Finance Companies
4. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - Insurance Companies
5. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - Stock Brokering Companies

2012

1. Revisions to 40+9 Recommendations of the FATF
2. Notification from the FIU of St. Vincent and the Grenadines
3. Amendments to the KYC/ CDD Rules, No.1 of 2011 for the Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1756/27, May 04, 2012

2011

1. KYC/ CDD Rules for Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1699/10, March 28, 2011
2. Auditor's Declaration on Establishment of Audit Functions
3. Compliance with the Reporting Requirement under Section 7 of the FTRA
4. Revisions to Extraordinary Gazette Notification No. 1699/10 - KYC/CDD Rules, No. 01 of 2011

2010

1. Web based Information Reporting System to the Insurance Companies
2. Web based Information Reporting System to the Stockbrokers

2009

1. Compliance with the Section 2 of the FTRA - (for LBs)
2. Compliance with the Section 2 of the FTRA - (for RFCs)
3. Inclusion of the Tamil Foundation among the list of Terrorist Organizations in US
4. AML/CFT Compliance Functions of the Insurance Industry
5. Web Based Reporting System for LCBs and LSBs
6. Web Based Reporting System RFCs

2008

1. KYC/ CDD Rules for the Insurance Industry
2. Compliance with Rules on CDD for Financial Institutions
3. Compliance with Reporting Requirement (Amended)
4. Inclusion of the World Tamil Movement among the list of Terrorist Organizations in Canada

5. Use of Banking System by Institutions and Persons not Authorized to Accept Deposits
6. Compliance with Reporting Requirement of FTRA-Securities Industry
7. Compliance with Reporting Requirement of FTRA-Insurance Industry

2007

1. KYC/ CDD Rules for the Securities Industry
2. Compliance with KYC/CDD Rules for New Customers and existing Customers
3. Compliance with the Reporting Requirements under the FTRA
4. Light a Million Candles Campaign - Offences against Children
5. Mandatory Reporting Requirements - EFTs

2006

1. Compliance with the Reporting Requirement under the FTRA No 6 of 2006
2. Section 312 and Section 319 of the Patriot Act
3. FTRA No. 06 of 2006 Submission of Data
4. Financial Transactions Reporting Act, No. 06 of 2006
5. CDD for Inward Remittance

Licensed Commercial Banks

1. Amana Bank PLC
2. Bank of Ceylon
3. Bank of China Ltd
4. Cargills Bank Ltd
5. Citibank, N.A.
6. Commercial Bank of Ceylon PLC
7. Deutsche Bank AG, Colombo Branch
8. DFCC Bank PLC
9. Habib Bank Ltd
10. Hatton National Bank PLC
11. Indian Bank
12. Indian Overseas Bank
13. MCB Bank Ltd
14. National Development Bank PLC
15. Nations Trust Bank PLC
16. Pan Asia Banking Corporation PLC
17. People's Bank
18. Public Bank Berhad
19. Sampath Bank PLC
20. Seylan Bank PLC
21. Standard Chartered Bank
22. State Bank of India
23. The Hongkong and Shanghai Banking Corporation Ltd (HSBC)
24. Union Bank of Colombo PLC

Licensed Specialized Banks

1. Housing Development Finance Corporation Bank of Sri Lanka (HDFC)
2. National Savings Bank
3. Pradeshiya Sanwardhana Bank
4. Sanasa Development Bank PLC
5. Sri Lanka Savings Bank Ltd
6. State Mortgage and Investment Bank

Licensed Finance Companies

1. Abans Finance PLC
2. Alliance Finance Company PLC
3. A M W Capital Leasing and Finance PLC
4. Asia Asset Finance PLC
5. Assetline Finance Ltd
6. Associated Motor Finance Company PLC
7. CBC Finance Ltd
8. Central Finance Company PLC
9. Citizens Development Business Finance PLC
10. Commercial Credit and Finance PLC
11. Dialog Finance PLC
12. Fintrex Finance Ltd
13. HNB Finance PLC
14. Lanka Credit and Business Finance PLC
15. LB Finance PLC
16. LOLC Finance PLC
17. Mahindra Ideal Finance Ltd
18. Mercantile Investments and Finance PLC
19. Merchant Bank of Sri Lanka and Finance PLC
20. Multi Finance PLC
21. Nation Lanka Finance PLC
22. Orient Finance PLC
23. People's Leasing and Finance PLC
24. PMF Finance PLC
25. Richard Pieris Finance Ltd
26. Sarvodaya Development Finance PLC
27. Senkadagala Finance PLC
28. Singer Finance (Lanka) PLC
29. Siyapatha Finance PLC
30. SMB Finance PLC
31. Softlogic Finance PLC
32. UB Finance Company Ltd
33. Vallibel Finance PLC

Licensed Insurance Companies

1. AIA Insurance Lanka Ltd
2. Allianz Insurance Lanka Ltd
3. Allianz Life Insurance Lanka Ltd
4. Amana Takaful Life PLC
5. Amana Takaful PLC
6. Arpico Insurance PLC
7. Ceylinco General Insurance Ltd
8. Ceylinco Life Insurance Ltd
9. Continental Insurance Lanka Ltd
10. Continental Insurance Life Lanka Ltd
11. Cooperative Insurance Company PLC
12. Cooplife Insurance Ltd
13. Fairfirst Insurance Ltd
14. HNB Assurance PLC
15. HNB General Insurance Ltd
16. Janashakthi Insurance PLC
17. Life Insurance Corporation (Lanka) Ltd
18. LOLC General Insurance PLC
19. LOLC Life Assurance Ltd
20. MBSL Insurance Company Ltd
21. National Insurance Trust Fund
22. Orient Insurance Ltd
23. People's Insurance PLC
24. Sanasa General Insurance Company Ltd
25. Sanasa Life Insurance Company PLC
26. Softlogic Life Insurance PLC
27. Sri Lanka Insurance Corporation General Ltd
28. Sri Lanka Insurance Corporation Life Ltd
29. Union Assurance PLC

Licensed Stockbrokers

1. Acuity Stockbrokers (Pvt) Ltd
2. Almas Equities (Pvt) Ltd
3. Ambeon Securities (Pvt) Ltd
4. Asha Securities Ltd
5. ACAP Stock Brokers (Pvt) Ltd)

6. Asia Securities (Pvt) Ltd
7. Bartleet Religare Securities (Pvt) Ltd
8. Capital Alliance PLC - (Debt Securities)
9. Capital Alliance Securities (Pvt) Ltd
10. Capital TRUST Securities (Pvt) Ltd
11. CT CLSA Securities (Pvt) Ltd
12. Enterprise Ceylon Capital (Pvt) Ltd
13. First Capital Equities (Pvt) Ltd
14. First Guardian Equities (Pvt) Ltd
15. J B Securities (Pvt) Ltd
16. John Keells Stock Brokers (Pvt) Ltd
17. Lanka Securities (Pvt) Ltd
18. LOLC Securities Ltd
19. Nation Lanka Equities (Pvt) Ltd
20. NDB Securities (Pvt) Ltd
21. Nestor Stock Brokers (Pvt) Ltd
22. Richard Pieris Securities (Pvt) Ltd
23. SC Securities (Pvt) Ltd
24. Senfin Securities Ltd
25. Softlogic Stockbrokers (Pvt) Ltd
26. Somerville Stock Brokers (Pvt) Ltd
27. Wealth Trust Securities Ltd - (Debt Securities)

Restricted Dealers

1. Abdeen Money Changers (Pvt) Ltd.
2. Abilash Money Exchange (Pvt) Ltd.
3. Arrujina Jewellery (Pvt) Ltd.
4. Asia Asset Finance PLC
5. Asian Money Exchange (Pvt) Ltd.
6. Ariyawansa Enterprises (Pvt) Ltd
7. Bullion Money Exchange (Pvt) Ltd.
8. Capital Exchange (Pvt) Ltd.
9. Central Money Exchange (Pvt) Ltd.
10. Cinnamon Bentota Beach
11. Cinnamon Bey Beruwala
12. Cinnamon Citadel Kandy
13. Cinnamon Grand
14. Cinnamon Lakeside

15. Cinnamon Lodge Habarana
16. Cinnamon Red Colombo
17. Cinnamon Wild Yala
18. Citizens Development Business Finance PLC
19. City Exchange (Pvt) Ltd - Head Office
20. Crown Money Exchange (Pvt) Ltd
21. Colombo Money Exchange (Pvt) Ltd.
22. Colombo Money Exchange (Pvt) Ltd. - Chatham Street
23. Dadigama Group (Pvt) Ltd.
24. Data Exchange International (Pvt) Ltd.
25. Daya Authorized Money Changer (Pvt) Ltd
26. Devi Forex (Pvt) Ltd
27. George Michael Holdings (Pvt) Ltd.
28. Galle Money Exchange (Pvt) Ltd. – Weligama
29. Galle Money Exchange (Pvt) Ltd.
30. Galle Money Exchange (Pvt) Ltd. - Galle Fort
31. Global Village Exchange (Pvt) Ltd.
32. Golden Money Changers (Pvt) Ltd.
33. Gold Lanka Jewellery (Pvt) Ltd
34. Habarana Village by Cinnamon
35. Haifa Travels and Tours (Pvt) Ltd
36. Hikka Trans By Cinnamon
37. International Exchange (Pvt) Ltd.
38. Jewel Lanka Money Exchange (Pvt) Ltd.
39. Jayes Investments Limited
40. Keyser Exchange (Pvt) Ltd.
41. Lanka Credit and Business Finance Ltd
42. L B Finance PLC
43. Maruthi Money Exchange (Pvt)Ltd.
44. Maruthi Money Exchange (Pvt)Ltd. – Jaffna
45. Mayurie Money Changers (Pvt) Ltd.
46. Metro Forex (Pvt) Ltd.
47. Milano Money Exchange (Pvt) Ltd.
48. M.P. Money Changers (Pvt) Ltd
49. Narmatha Gold Centre (Pvt) Ltd.
50. Narmatha Gold Centre (Pvt) Ltd. – Kilinochchi
51. New Natasha (Pvt) Ltd.
52. New Regal’s Money Changer (Pvt) Ltd.
53. Pearl City Hotel

54. Pushpa Money Changers (Pvt) Ltd
55. Ravi Forexae (Pvt) Ltd.
56. Rivindu Enterprises (Pvt) Ltd.
57. Royal Money Exchange (Pvt) Ltd. - Head Office
58. Royal Money Exchange (Pvt) Ltd. - Colombo 06
59. Royal Money Mart (Pvt) Ltd. - Colombo 01
60. Royal Money Mart (Pvt) Ltd. - Aluthgama
61. Senkadagala Finance PLC
62. Shangri-La Hotel Colombo
63. Shangri-La's Hambantota Resort and Spa
64. Shifaz Money Exchange (Pvt) Ltd.
65. Singer Finance (Lanka) PLC
66. Swiss Money Exchange (Pvt) Ltd. - Head Office
67. Swiss Money Exchange (Pvt) Ltd. - Colombo 06
68. Thomas Cook Lanka (Pvt) Ltd. - Katunayake
69. Thomas Cook Lanka (Pvt) Ltd - Kandy
70. Thomas Cook Lanka (Pvt) Ltd - Colombo City Centre
71. Thomas Cook Lanka (Pvt) Ltd - One Galle Face Mall
72. Trinco Blu by Cinnamon
73. Unic Forex (Pvt) Ltd
74. Western Money Exchange (Pvt) Ltd. - No. 195, Galle Road, Wellawatta, Colombo 06
75. Windsor Money Exchange (Pvt) Ltd. - No. 337, Galle Road, Wellawatta, Colombo 06

Money or Value Transfer Service Providers

1. Dialog Axiata PLC
2. MMBL Money Transfer (Pvt) Ltd
3. Mobitel (Pvt) Ltd

Primary Dealers

1. Capital Alliance PLC
2. First Capital Treasuries PLC
3. Acuity Securities Limited
4. NSB Fund Management Company Limited
5. Wealth Trust Securities Ltd



CENTRAL BANK OF SRI LANKA

ISBN 978-624-5917-63-1