

ANNUAL REPORT 2016

FINANCIAL INTELLIGENCE UNIT



FINANCIAL INTELLIGENCE UNIT OF SRI LANKA

ANNUAL REPORT 2016

Financial Intelligence Unit
of Sri Lanka



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LIST OF ACRONYMS

AMCs	Authorized Money Changers
AML	Anti-Money Laundering
APG	Asia Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre
BSD	Bank Supervision Department
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation
CBS	Center for Banking Studies
CBSL	Central Bank of Sri Lanka
CDD	Customer Due Diligence
CEOs	Chief Executive Officers
CFT	Countering the Financing of Terrorism
CIABOC	Commission to Investigate Allegations of Bribery or Corruption
CID	Criminal Investigation Department
CTRs	Cash Transactions Reports
DNFBPs	Designated Non-Financial Businesses and Professions
DSNBFI	Department of Supervision of Non-Bank Financial Institutions
ECD	Exchange Control Department
EFTs	Electronic Fund Transfers
FATF	Financial Action Task Force
FCID	Financial Crimes Investigation Division
FIU	Financial Intelligence Unit
FSRBs	FATF-Styled Regional Bodies
FTRA	Financial Transactions Reporting Act, No. 06 of 2006
IBSL	Insurance Board of Sri Lanka
ICs	Insurance Companies
ICRG	International Co-operation Review Group
IMF	International Monetary Fund
IRD	Inland Revenue Department
ITD	Information Technology Department
JAFIC	Japan Financial Intelligence Centre
KYC	Know Your Customer



LankaFIN	FIU-Sri Lanka's Online Database Management System
LBs	Licensed Banks
LCBs	Licensed Commercial Banks
LEAs	Law Enforcement Agencies
LFCs	Licensed Finance Companies
LKR	Sri Lankan Rupees
LSBs	Licensed Specialized Banks
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML/TF	Money Laundering and Terrorist Financing
MOD	Ministry of Defence
MOUs	Memorandums of Understanding
MVTS	Money or Value Transfer Services
NCC	National Coordinating Committee
NGOs	Non-Governmental Organizations
OTA-ECT	Office of Technical Assistance, Economic Crimes Team
PMLA	Prevention of Money Laundering Act, No. 05 of 2006
PNB	Police Narcotic Bureau
RAs	Regulatory Authorities
RIs	Reporting Institutions
RBA	Risk-based Approach
SBs	Stock Brokers
SEC	Securities and Exchange Commission of Sri Lanka
STRs	Suspicious Transaction Reports
SIS	State Intelligence Service
TC	Technical Compliance
TID	Terrorist Investigation Division
UNSCRs	United Nations Security Council Resolutions

YEAR 2016 AT A GLANCE



96% Increase in International Intelligence Sharing Compared to 2015

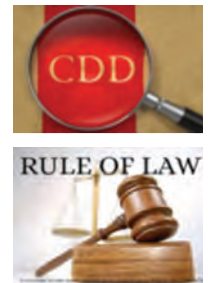


Money or Value Transfer Service (MVTs) Providers came under AML/CFT Regulations



Commenced Risk-based Supervision on Financial Institutions

Issuance of the Financial Institutions (Customer Due Diligence) Rules



49% Increase of CTRs/EFTs Reaching 9,069,381

FIU



Strengthened the Staff Capacity of the FIU



Sri Lanka Prevented a Major Cyber Heist Worth USD 20 mn



Sri Lanka Assumed the Rotating 2-year APG Co-chair Position for 2016-2018



Six Memorandums of Understanding (MOUs) Signed Including Two Domestic MOUs



NATIONAL COORDINATING COMMITTEE CHAIRMAN'S MESSAGE



The Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka) acts as the focal point for preventing and combating Money Laundering and Terrorist Financing (ML/TF) in the country. Accordingly, the FIU-Sri Lanka plays a major role as the apex body which receives, analyses and disseminates information relating to financial intelligence on ML/TF and associated crimes in Sri Lanka.

Financial crimes have become more complicated today, especially when such crimes take place with cross-border connections. Predicate offences linked to ML/TF such as drug trafficking, frauds, tax evasion and human smuggling are spreading

across the globe. Sometimes it is difficult to identify the actual sources of proceeds of crimes due to skillful disguising of such activities. Hence, it is vital for countries to be alert to such complexities in financial crimes being committed today and coordinate with each other in order to minimise the risks and vulnerabilities associated with ML and TF.

As far as Sri Lanka is concerned, the prevention of ML and combating TF are challenging tasks which have to be successfully dealt with using necessary resources and commitment by all stakeholders. Further, domestic inter-agency cooperation, as well as international cooperation, is critical for the successful identification, investigation, prosecution and conviction of financial crimes. In this regard, the FIU-Sri Lanka plays a pivotal role in ensuring the transfer of financial intelligence involving the financial sector to the domestic law enforcement agencies and coordinating the exchange of information with foreign FIUs based on the Memorandums of Understanding and as a member of the Egmont Group and Asia Pacific Group on Money Laundering (APG).



Since its inception in 2007, the FIU-Sri Lanka has been improving its information gathering system and analytical skills to achieve technical compliances of the FIU-Sri Lanka, in line with Financial Action Task Force (FATF) standards. During the year 2016, the FIU-Sri Lanka has taken necessary steps to strengthen its legal and regulatory framework through amendments to relevant legislations, in agreement with international standards and having identified gaps highlighted in the Mutual Evaluation Report (MER).

It is an important year for the FIU-Sri Lanka as Sri Lanka being the elected Co-chair of the APG for 2016-18, is planning to host the 20th Annual Meeting of the APG in Colombo in July 2017. The FIU-Sri Lanka takes pride in being able to host this event of such magnitude ensuring the country's commitment to deal with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) in compliance with international standards, and through domestic and international cooperation.

Further, the AML/CFT compliance of Sri Lanka will be effective when all stakeholders are fully committed towards implementing recommendations of the MER, focusing on continuous improvement in the legal and institutional framework and human resources. As the Chairman of the National Coordinating Committee, which is established to guide the AML/CFT policy of the country, I earnestly urge all stakeholders to work towards achieving a strong and sound AML/CFT system for the country.

I take this opportunity to thank the Director and his staff for the success of the FIU-Sri Lanka during the year 2016.

Dr. Indrajit Coomaraswamy
Governor of the Central Bank of Sri Lanka

DIRECTOR'S MESSAGE



The FIU-Sri Lanka has been assigned by legislation the role of receiving financial information relating to ML/TF, analyzing and disseminating analytic results to the law enforcement agencies, regulators and other relevant entities. During the year, over 9 mn cash transactions and electronic fund transfers, and about 750 suspicious transactions were reported to the FIU-Sri Lanka by the reporting institutions through the on-line database management system, LankaFIN. After a thorough analysis, over 400 Suspicious Transactions Reports (STRs) were referred to law enforcement and regulatory authorities for further investigation.

The FIU-Sri Lanka took steps to strengthen its intelligence sharing for the purpose of investigation of suspicious transactions and prosecution by signing Memorandums of Understanding (MOUs) with international counterparts and domestic entities. Accordingly, in 2016 the FIU-Sri Lanka signed four international MOUs with the Financial Analysis Unit of the Republic of Panama, State Financial Monitoring Service of Ukraine, Israel Money Laundering and Terror Financing Prohibition Authority and Suspicious Transaction Reporting Office of Singapore. Further, two domestic MOUs were signed with the Department of Immigration and Emigration and the Department of Inland Revenue. At the end of 2016, the total number of MOUs signed with foreign counterparts and domestic entities stood at 32 and 3, respectively. The FIU-Sri Lanka exchanged information on 62 occasions with the foreign counterparts during the year.

The FIU-Sri Lanka strengthened the supervisory function during the year by establishing a separate division for AML/CFT supervision, in terms of the supervisory responsibilities entrusted to the FIU-Sri Lanka under the Financial Transactions Reporting Act, No. 6 of 2006. The FIU-Sri Lanka also implemented a Risk-based Approach (RBA) in conducting examinations with effect from the latter part of 2016 in terms of Customer Due Diligence (CDD) Rules issued in January 2016. The amendments to several laws and regulations in relation to AML/CFT of Sri Lanka were drafted during the year by the Legal Review Committee reconstituted for the purpose.



An awareness campaign was launched during the year particularly to introduce the new CDD rule on the RBA and accordingly 30 programmes were conducted for over 1,600 participants representing financial institutions, police and other regulatory bodies. Outstation programmes were conducted covering the districts of Matara, Matale, Kurunegala, Galle and Jaffna. Furthermore, the FIU-Sri Lanka successfully conducted the second AML/CFT symposium for Reporting Institutions (RIs) in December 2016 with the collaboration of the Association of Compliance Officers of Licensed Commercial Banks.

The second Mutual Evaluation on Sri Lanka conducted in 2014/15 made a series of recommendations to be implemented in order to enhance Sri Lanka's compliance with Financial Action Task Force (FATF) Recommendations. In response, the FIU-Sri Lanka together with other relevant stakeholders implemented a series of actions, such as the adoption of the National AML/CFT Policy for 2015-2020, introduction of an institution wise action plan with the approval of the Cabinet of Ministers, issuance of Customer Due Diligence Rule No. 1 of 2016 for Financial Institutions (FIs), arranging to obtain technical assistance from the IMF and the US Department of the Treasury to enhance technical capabilities relating to FIU operational effectiveness, financial sector supervision and AML/CFT case development and asset management. As a result, at the Asia Pacific Group on Money Laundering (APG) Annual Plenary held in September 2016, there was a consensus among members that Sri Lanka had made considerable progress on technical compliance with the upgrade of 9 recommendations initially rated as non-compliant or partially compliant.

The year 2017 will be more challenging for the FIU-Sri Lanka, as it needs to take actions to address strategic deficiencies of the AML/CFT, prepare for the conduct of the next National Risk Assessment in the year 2018 and host the 20th APG Plenary in Colombo in July 2017, which will be attended by more than 300 international delegates from over 41 member countries and several other international agencies. I am confident that we, as a team, under the guidance of AML/CFT National Coordinating Committee, will face these challenges and achieve a higher level of AML/CFT compliance for the country in accordance with international standards in the coming years.

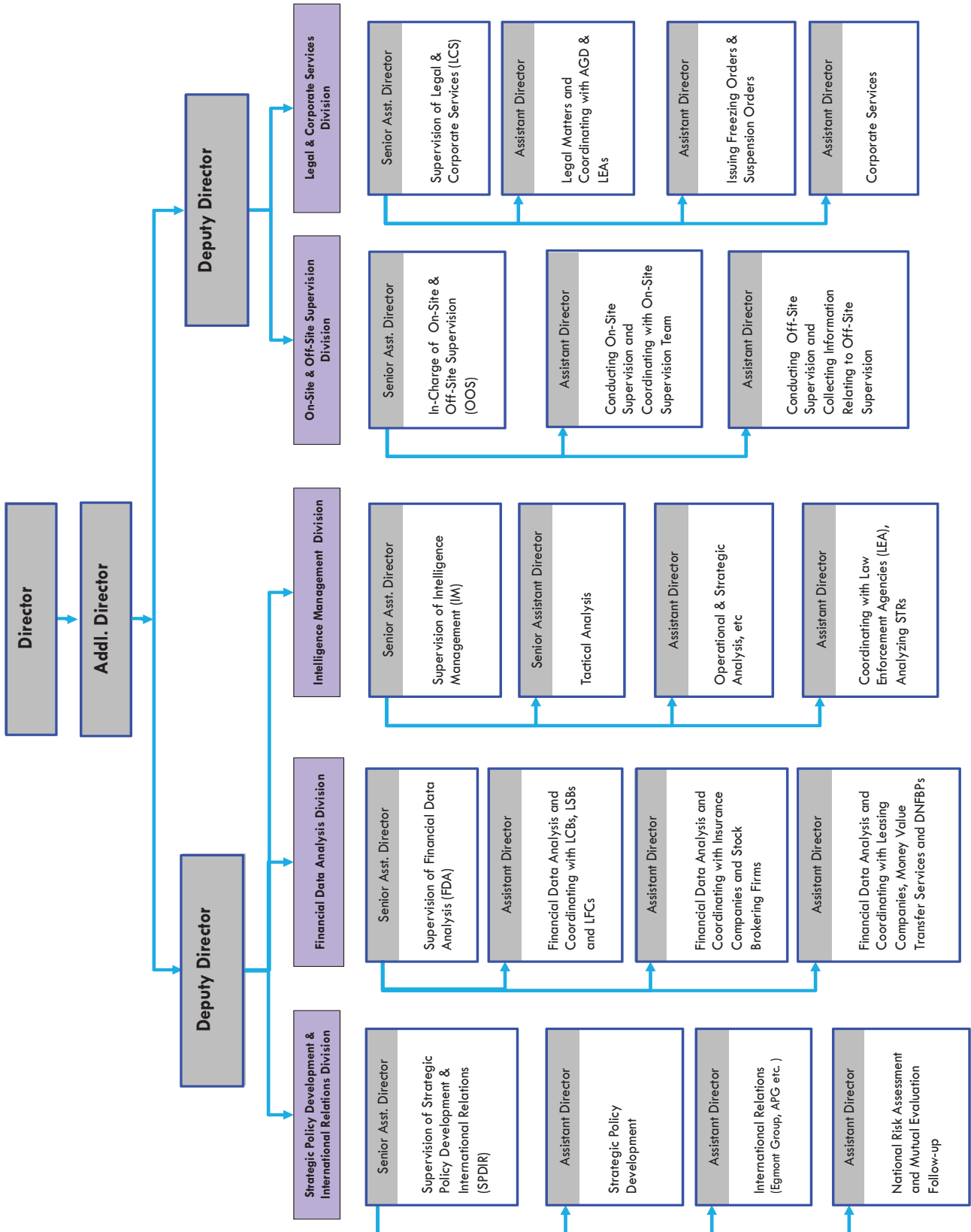
Dr. H Amarathunga

Director

Financial Intelligence Unit-Sri Lanka

FUNCTIONAL ORGANIZATIONAL CHART

FINANCIAL INTELLIGENCE UNIT



FIU-SRI LANKA STAFF



VISION, MISSION AND STRATEGIC GOALS

Vision

- To be the trusted and respected single agency with commitment to excellence in establishing the framework for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) in Sri Lanka.

Mission

- To administer, effectively, the provisions of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) by facilitating the prevention, detection, investigation and prosecution of the offences related to Money Laundering and Terrorist Financing (ML/TF).

Strategic Goals

- Implement the provisions of the FTRA, relating to prevention, detection, investigation and prosecution of ML/TF activities.
- Strengthen the AML/CFT regime in line with the revised Financial Actions Task Force (FATF) recommendations.
- Implement recommendations of the 2nd Mutual Evaluation (ME) on Sri Lanka.
- Promote international cooperation on AML/CFT in line with international standards / conventions.

CHAPTER 1: MANAGEMENT OF INFORMATION

The Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka) is the national centre for the receipt and analysis of Suspicious Transaction Reports (STRs) and threshold based reports relevant to money laundering, associated predicate offences and terrorist financing from the institutions engaged in finance business and Designated Non-Financial Businesses and Professions (DNFBPs), as defined in the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA). Disseminating of the results of analysis of STRs in a timely manner to relevant Law Enforcement Agencies (LEAs) and Regulatory Authorities (RAs) for effective action is one of the main activities of the FIU-Sri Lanka.

1.1 Collection of Information

In terms of Section 15(1) of the FTRA, the FIU-Sri Lanka receives three types of mandatory reports from Reporting Institutions (RIs) on the following.

- 1) Cash Transactions
- 2) Electronic Fund Transfers
- 3) Suspicious Transactions

At present, Reporting Institutions (RIs) include, Licensed Banks (LBs), Licensed Finance Companies (LFCs), Stock Brokers (SBs), Insurance Companies (ICs), Authorized Money Changers (AMCs) and Money or Value Transfer Service (MVTs) providers. Other than these institutions, the LEAs, RAs and general public can also submit information relating to any suspicion on ML/TF to the FIU-Sri Lanka.

Cash Transactions Reports and Electronic Fund Transfers

In terms of Section 6 of the FTRA, every institution is required to report Cash Transactions (CTRs) and Electronic Fund Transfers (EFTs) exceeding such sum LKR 1 mn or its equivalent in any foreign currency as prescribed by the Minister of Finance by Order published in the Gazette. Accordingly, the present applicable reporting threshold of LKR 1 mn was prescribed by the Minister of Finance through the Extraordinary Gazette No. 1555/9 dated June 25, 2008.

At present, LBs, LFCs, SBs, ICs, AMCs and MVTs providers submit CTRs and EFTs electronically through the LankaFIN secured network (the online reporting mechanism) introduced by the FIU-Sri Lanka.

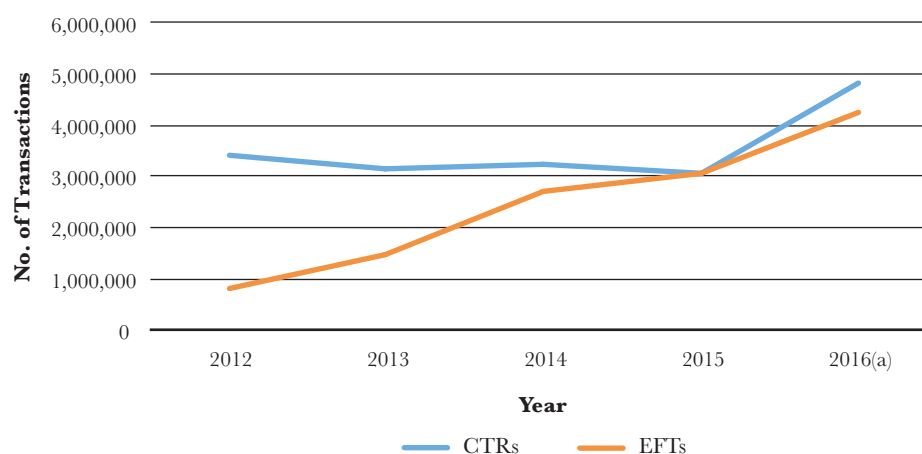
Table 1.1: Receipt of CTRs and EFTs through LankaFIN

	2012	2013	2014	2015	2016(a)
CTRs	3,420,819	3,139,919	3,214,613	3,034,243	4,828,061
EFTs	796,836	1,483,445	2,712,393	3,056,182	4,241,320
Total	4,217,655	4,623,364	5,927,006	6,090,425	9,069,381

(a) provisional

Source: LankaFIN, FIU-Sri Lanka

Figure 1.1
Receipt of CTRs and EFTs through LankaFIN



Source: LankaFIN, FIU-Sri Lanka

The number of transactions reported as CTRs has increased from 3,034,243 to 4,828,061 while the number of EFTs has increased from 3,056,182 to 4,241,320 from 2015 to 2016. The higher number of CTRs confirms the fact that the financial sector of Sri Lanka still uses cash based transactions significantly. A further analysis of the trends and patterns of CTRs and EFTs received is provided in Chapter 7.

Suspicious Transaction Reports

If an institution has reasonable ground to suspect that any transaction or attempted transaction may be related to a commission of any unlawful activity or any other criminal offence, it must file an STR with the FIU-Sri Lanka in terms of Section 7 of the FTRA. At present, LBs, LFCs, SBs, ICs, AMCs and MVTs providers submit STRs to the FIU-Sri Lanka electronically through LankaFIN.

Further, in terms of Section 5 of the Prevention of Money Laundering Act, No. 05 of 2006 (PMLA), any person who knows or has reason to believe from information or other matters

obtained by him in the course of any trade, profession, business or employment carried on by such person, that any property has been derived or realized from any unlawful activity, the person should disclose his knowledge or belief as soon as practicable to the FIU-Sri Lanka. At present, LEAs, RAs as well as the general public submit STRs under the above provision.

Table 1.2: STRs Reported by Stakeholders

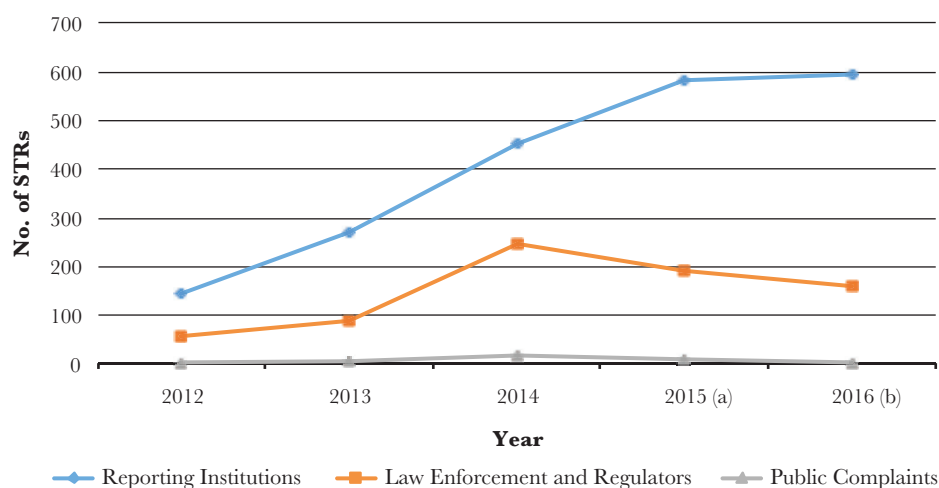
Category	2012	2013	2014	2015(a)	2016(b)
Reporting Institutions	144	272	452	583	595
Law Enforcement Agencies and Regulators	56	88	247	193	161
Public Complaints	3	6	19	9	3
Total	203	366	718	785	759

Source: LankaFIN, FIU-Sri Lanka

- (a) revised
(b) provisional

According to Table 1.2, total STRs reported to the FIU-Sri Lanka during 2016 has slightly decreased to 759 from 785 in 2015. This is due to the decrease in STRs reported by LEAs and RAs. However, STRs filed by RIs continued to increase year-on-year basis. Public complaints received by the FIU-Sri Lanka remained low during 2016 as well.

Figure 1.2
STRs Reported by Stakeholders

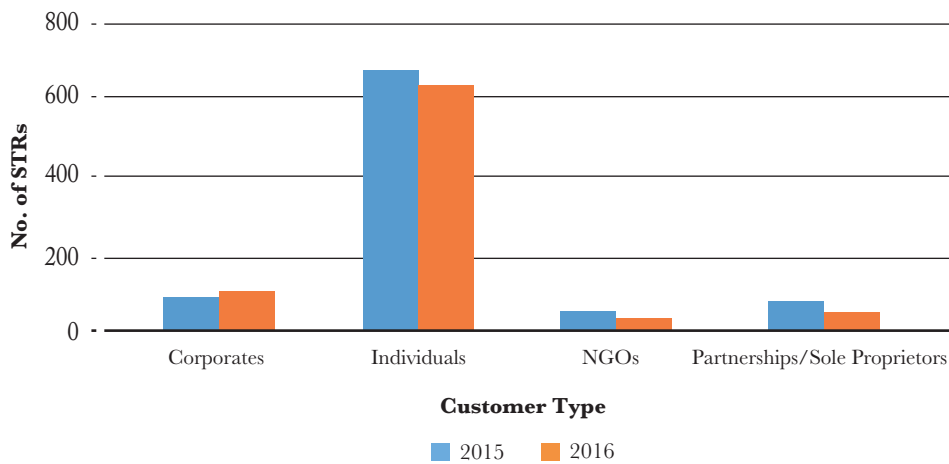


Source: LankaFIN, FIU-Sri Lanka

Analysis of Trends and Patterns of STRs Received

Figure 1.3

No. of STRs by Customer Type

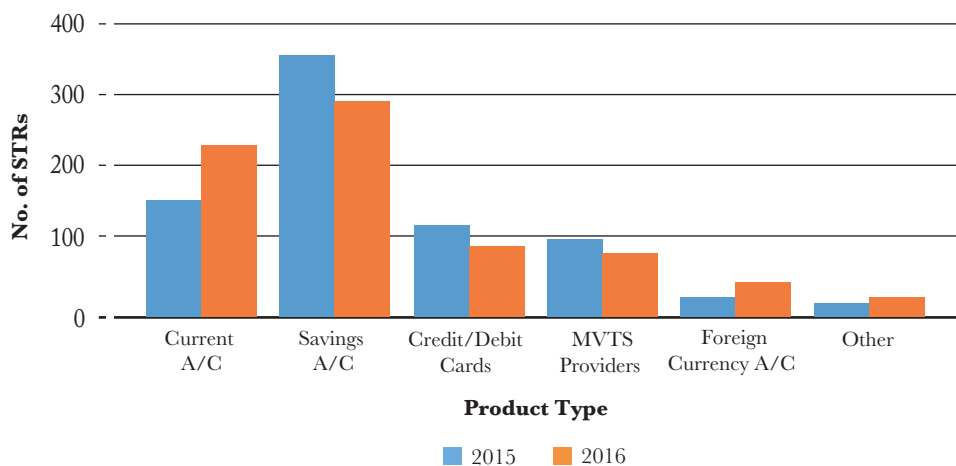


Source: LankaFIN, FIU-Sri Lanka

As shown in Figure 1.3, the STRs on financial transactions carried out by individuals continued to be the major component of STRs reported during 2016 as well. Majority of STRs reported on individuals are related to Sri Lankan nationals, which is around 93 per cent. During the year STRs reported on corporates has increased slightly, while STRs reported on transactions conducted by Non-Governmental Organizations (NGOs)/societies and partnerships/sole proprietorships remained low.

Figure 1.4

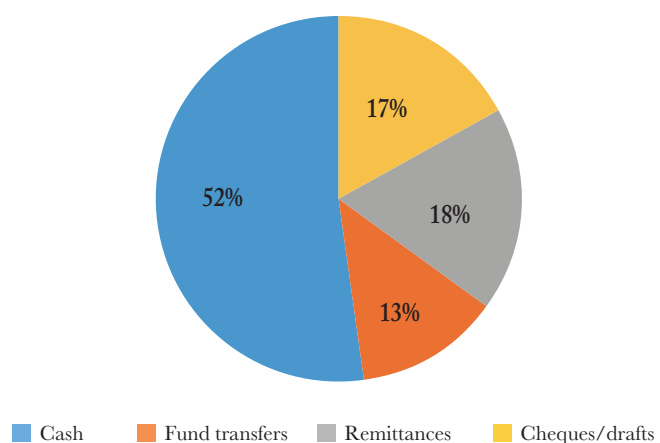
STRs by Product Type



Source: LankaFIN, FIU-Sri Lanka

As shown in Figure 1.4, majority of STRs are related to transactions carried out through current and savings accounts. STRs reported on the use of credit/debit cards and products of MVTs providers has shown a marginal decrease, while STRs reported on foreign currency accounts has shown a marginal increase in 2016. The other categories include, STRs involving fixed deposits, pay orders, life insurance, share transactions and safety deposit lockers etc.

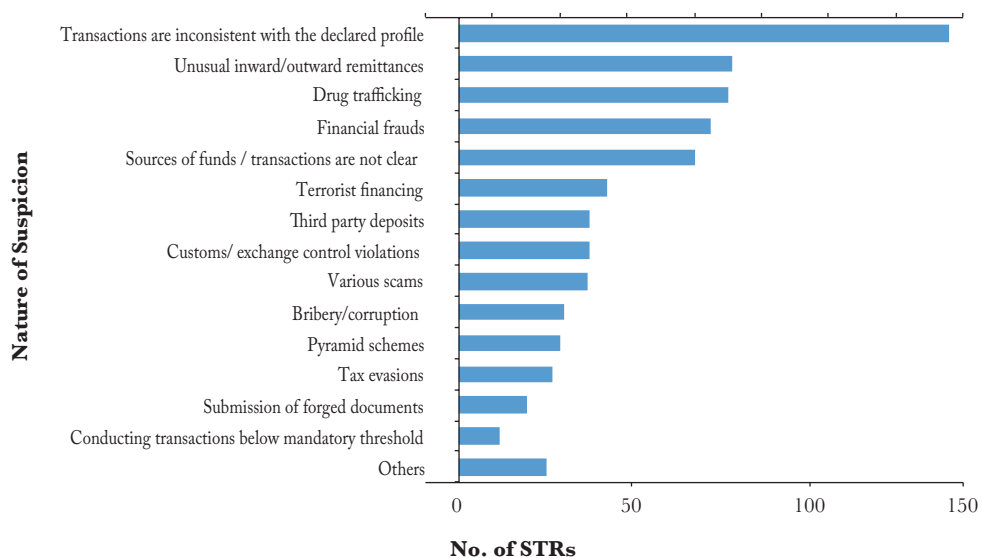
Figure 1.5
STRs by Mode of Transactions



Source: LankaFIN, FIU-Sri Lanka

Figure 1.5 shows that majority of STRs have been related to transactions carried out through cash deposits and withdrawals.

Figure 1.6
STRs Based on the Suspicion Reported



Source: LankaFIN, FIU-Sri Lanka

1.2 Analysis of Information

Analysis of information collected/received from the RIs has become one of the major activities of the FIU-Sri Lanka. The FIU-Sri Lanka performs tactical analysis on the STRs received, by identifying transaction patterns through the analysis on CTRs and EFTs reported in LankaFIN database.

Operational analysis is also performed by calling for further information from RIs, RAs and other relevant government agencies such as Sri Lanka Customs, Department of Immigration and Emigration, Registrar of Companies, NGO Secretariat etc. Assistance from counterpart FIUs is also sought to gather information in analyzing STRs depending on the situation. Combined results of both the tactical and operational analysis of STRs are disseminated to relevant LEAs or RAs.

According to Table 1.4, the number of STRs relating to ML continued to be the major component of STRs received in 2016 as well. Since the end of internal conflict of the country in 2009, STRs on TF have not been significant, while STRs relating to ML have showed a significant increase specially relating to drug dealing, frauds, cheating etc.

Table 1.4: Composition of STRs

	2012	2013	2014	2015(a)	2016(b)
STRs on TF	89	7	53	19	43
STRs on ML	470	359	665	766	716
Total	559	366	718	785	759

Source: LankaFIN, FIU-Sri Lanka

(a) revised

(b) provisional

1.3 Dissemination of Information

After the preliminary investigations, STRs and related information are disseminated to relevant LEAs and RAs for further investigation and action. The decision to disseminate such information to different institutions is taken by the STR Review Committee, headed by the Director of the FIU-Sri Lanka, along with two senior officials representing the Attorney General's Department and relevant officers of the FIU-Sri Lanka based on the findings of the tactical and operational analysis. A summary of STRs disseminated to LEAs is given in Table 1.5.

Table 1.5: Summary of Dissemination of Suspicious Transaction Reports

	2012	2013	2014	2015 (a)	2016 (b)
LEAs	48	55	183	330	342
RAs	8	18	6	95	94

Source: FIU-Sri Lanka

(a) revised

(b) provisional

Majority of STRs referred to LEAs were on frauds and drug trafficking. Further, STRs relating to suspected scams were also referred to LEAs for the investigations. Majority of STRs referred to RAs were on the violation of Section 83C of the Banking Act, No. 30 of 1988 and violation of exchange control regulations.

1.4 Suspension, Confiscation and Conviction Relating to ML/TF

Suspension of Funds

As prescribed in Section 15(2) of the FTRA, the FIU-Sri Lanka is authorized to suspend funds which are suspected of relating to unlawful activities, with the aim of facilitating further investigations. Accordingly, the FIU- Sri Lanka has suspended funds amounting to LKR 146 mn during the year 2016.

ML Conviction

By the end of year 2016, the total number of ML convictions in Sri Lanka has increased up to 3, including the country's first ML conviction for drug trafficking. Table 1.6 provides the details of the ML convictions for the period 2014-2016.

Table 1.6: List of Convictions and Confiscations

	2014	2015	2016
	1 st Conviction	2 nd Conviction	3 rd Conviction
Charges	Fraud and Section 3(1) of the PMLA	Payment card fraud and Section 3(2) of the PMLA	Section 3(1) of the PMLA
Value Confiscated	LKR 7,028,958	USD 31,300	LKR 29,000,000
Sentence	In addition to the sentence of imprisonment, the above amount was confiscated and fines were imposed.	The above amount was confiscated in addition to the sentence of imprisonment and 3 times the value of the above amount imposed as a fine.	In addition to 20 years of imprisonment, 3 times the value of the above amount was imposed as a fine and all properties were confiscated.

Source: FIU-Sri Lanka

CHAPTER 2: DOMESTIC AND INTERNATIONAL COOPERATION

Sharing of financial intelligence among competent authorities is critical in facilitating the investigations and prosecutions of persons suspected of committing and participating in ML/TF activities. The FIU-Sri Lanka, government agencies and other stakeholders would be mutually benefitted through this arrangement.

2.1 Domestic Cooperation

Law Enforcement Agencies

The FIU-Sri Lanka regularly corresponds with LEAs such as Sri Lanka Customs, Sri Lanka Police, Ministry of Defence (MOD), Criminal Investigation Department (CID), State Intelligence Service (SIS), Police Narcotic Bureau (PNB), Commission to Investigate Allegations of Bribery or Corruption (CIABOC), Terrorist Investigation Division (TID), Colombo Fraud Investigation Bureau (CFIB), Police Central Anti-Vice Striking Unit, Presidential Commission and Financial Crimes Investigation Division (FCID) to share the information relating to suspected activities involving ML/TF. Disseminating financial intelligence generated through analysis of STRs, to the competent authorities including LEAs and RAs is a key function of the FIU-Sri Lanka. Such financial intelligence facilitates LEAs to investigate predicate offences and ML/TF activities. Furthermore, it provides a basis for the prosecution of persons where necessary.

Table 2.1: STRs Referred to LEAs from 2012 to 2016

	2012	2013	2014	2015(a)	2016(b)
ML	44	55	153	307	264
TF	4	0	30	23	78
Total	48	55	183	330	342

Source: FIU-Sri Lanka

(a) revised

(b) provisional

STRs disseminated to LEAs continued to increase in 2016 compared to 2015. STRs on TF has increased significantly from 23 in 2015 to 78 in 2016. However, STRs on ML have decreased by 14 per cent during the same period. Most of the STRs on TF were mainly referred to the SIS and TID.



Figure 2.1
STRs Referred to Law Enforcement Agencies

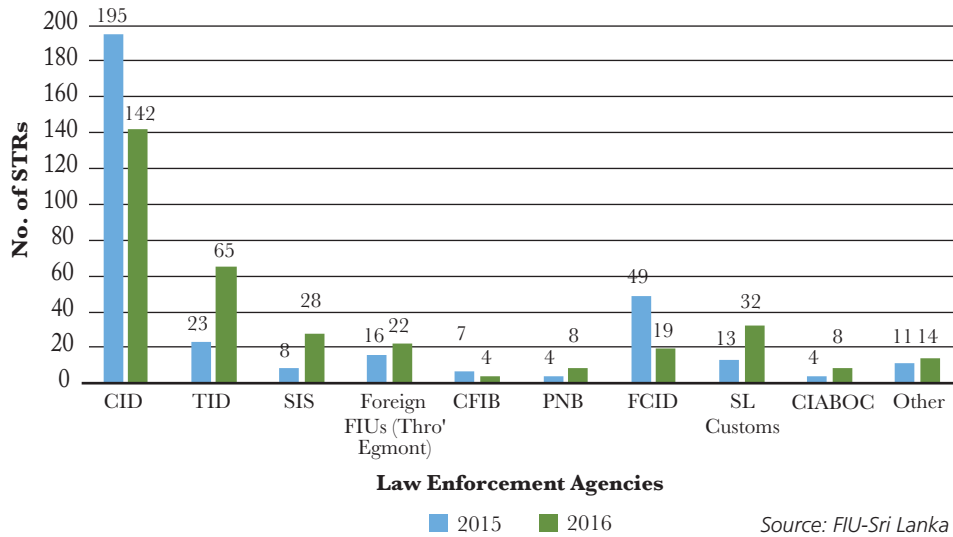
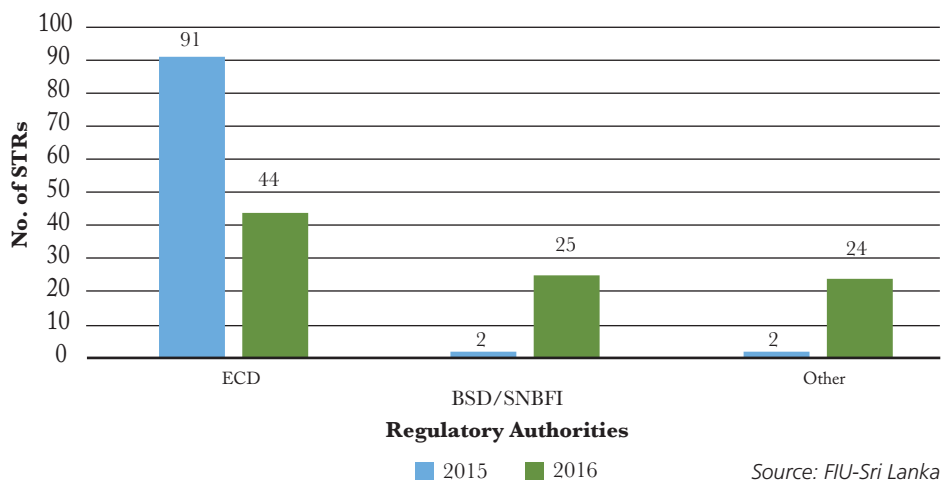


Figure 2.2
STRs Referred to Regulatory Authorities



Regulatory Authorities

During the year 2016, the FIU-Sri Lanka referred 94 STRs to RAs such as Bank Supervision Department (BSD), Department of Supervision of Non-Bank Financial Institutions (DSNBFI), Exchange Control Department (ECD), NGO Secretariat, Insurance Board of Sri Lanka (IBSL), and Securities and Exchange Commission of Sri Lanka (SEC) for further investigations. Majority of the STRs referred to the ECD were on the suspicion of the violation of exchange control regulations. Additionally, 22 STRs were reported to the Inland Revenue Department (IRD) on the suspicion of tax evasion.

Memorandums of Understanding with Domestic Agencies

ML/TF are internationally connected financial crimes which could threaten the stability of the global economic and financial system. Further, with the expansion of cross-border movements of people and goods, ML/TF activities are becoming increasingly sophisticated and difficult to detect. Hence, coordination and cooperation between the FIU-Sri Lanka and relevant domestic agencies is imperative. In terms of Sections 15(1)(r) of the FTRA, the FIU-Sri Lanka is empowered to exchange information relating to ML/TF, by entering into Memorandums of Understanding (MOUs). Accordingly, the FIU-Sri Lanka entered into MOUs with domestic agencies to obtain necessary information in order to facilitate investigations and prosecutions on ML/TF.

The FIU-Sri Lanka signed an MOU with the Department of Immigration and Emigration on September 27, 2016. This facilitates Sri Lanka's efforts of preventing and combating illicit cross-border movements of people or goods and establishes a strong border control system in the country. An MOU was also signed with the IRD on October 19, 2016 to strengthen the existing AML mechanism in Sri Lanka in relation to tax crimes. The FIU-Sri Lanka had already entered into similar MOU with Sri Lanka Customs on May 14, 2010 in order to share information to facilitate the investigation. Accordingly, the total, number of MOUs signed with the domestic agencies by the FIU-Sri Lanka has increased to 3 as at end of 2016.



Director, FIU-Sri Lanka Signing MOUs with the Department of Immigration and Emigration and Inland Revenue Department

Table 2.2: MOUs with Domestic Agencies as at 31.12.2016

	Domestic Agency	Date of Signing
1	Sri Lanka Customs	14 May 2010
2	Department of Immigration and Emigration	27 Sep 2016
3	Inland Revenue Department	19 Oct 2016

Source: FIU-Sri Lanka

2.2 International Cooperation

Exchange of Information with Counterpart FIUs

The FIU-Sri Lanka is empowered by Sections 16 and 17 of the FTRA to cooperate with foreign institutions and agencies for the prevention and prosecution of ML/TF, especially with the foreign FIUs. The information shared in this manner is used only for intelligence purposes.

During the year 2016, the FIU-Sri Lanka made 36 requests to Egmont Group member countries, while it received 27 requests from various counterparts including FIUs of USA, Bangladesh, Ukraine and Australia to share information. The FIU-Sri Lanka was able to respond to request for information from several counterparts in connection with a cyber heist related to a Central Bank. Some counterpart FIUs facilitated certain investigations of LEAs of Sri Lanka by providing necessary information. Table 2.3 shows the information requests made and information requests received by the FIU-Sri Lanka from 2012 to 2016.

Table 2.3: Sharing Information with Foreign Counterpart FIUs

	2012	2013	2014	2015	2016
Requests received	11	18	10	13	27
Requests made	12	2	8	19	36

Source: FIU-Sri Lanka

Memorandums of Understanding with Counterpart FIUs

In terms of Section 16 and 17 of the FTRA, the FIU-Sri Lanka entered into four MOUs in 2016 with the Financial Analysis Unit of the Republic of Panama, State Financial Monitoring Service of Ukraine, Israel Money Laundering and Terror Financing Prohibition Authority and Suspicious Transaction Reporting Office of Singapore to exchange information for financial intelligence purposes. Accordingly, the total number of MOUs signed by the FIU-Sri Lanka with foreign counterparts increased to 32 as at end 2016.



Director, FIU-Sri Lanka Signing the MOU with the Financial Analysis Unit of the Republic of Panama



Table 2.3: MOUs with Foreign Counterpart FIUs as at 31.12.2016

Name of Counterpart FIU	Date of Signing
1 Financial Intelligence Unit of Bank Negara Malaysia	18 Jan 2008
2 Financial Intelligence Unit of the Da Afghanistan Bank	29 Feb 2008
3 Korean Financial Intelligence Unit	18 Dec 2008
4 Indonesian Financial Transaction Reports and Analysis Centre	27 May 2009
5 Financial Information Unit of Nepal Rastra Bank	09 Jul 2009
6 The Anti-Money Laundering Council of Philippines	09 Jul 2009
7 Cambodian Financial Intelligence Unit of National Bank of Cambodia	26 Oct 2009
8 Financial Intelligence Unit of India	30 Mar 2010
9 Australian Financial Transactions and Analysis Centre	07 May 2010
10 Financial Intelligence Unit of Belgium	18 Jun 2010
11 Financial Intelligence Unit of Solomon Islands	15 Jul 2010
12 Financial Intelligence Unit of Bangladesh	28 Oct 2010
13 Financial Intelligence Centre of South Africa	02 Dec 2010
14 Fiji Financial Intelligence Unit	21 Jul 2011
15 Transaction Reports and Reports Analysis Centre of Canada	02 Aug 2011
16 Financial Intelligence Unit of Slovenia	09 Aug 2011
17 Financial Crime Enforcement Network (FinCEN) – USA	10 Jul 2012
18 The Financial Information Unit of the Bank of Mongolia	11 Jul 2012
19 Federal Financial Monitoring Service (Russian Federation)	11 Jul 2012
20 Saudi Arabian Financial Investigation Unit (SAFIU)	11 Jul 2012
21 Japan Financial Intelligence Centre (JAFIC)	11 Mar 2013
22 Lebanon Special Investigations Commission (LSIC)	03 Jul 2013
23 Financial Intelligence Unit of Costa Rica	08 Jul 2013
24 Financial Intelligence Unit of Denmark	30 Sep 2013
25 General Directorate of Prevention of Money Laundering of the Republic of Albania	05 Jun 2014
26 Financial Intelligence Unit of the Republic of Peru	05 Jun 2014
27 Financial Intelligence Unit of the Republic of Union of Myanmar	17 Jul 2014
28 Financial Intelligence Service of Kyrgyz Republic	10 Jun 2015
29 Financial Analysis Unit of the Republic of Panama	02 Feb 2016
30 State Financial Monitoring Service of Ukraine	02 Aug 2016
31 Israel Money Laundering and Terror Financing Prohibition Authority	05 Aug 2016
32 Suspicious Transaction Reporting Office of Singapore	01 Sep 2016

Source: FIU-Sri Lanka

Asia Pacific Group on Money Laundering

The Asia Pacific Group on Money Laundering (APG) is one of the FATF-Styled Regional Bodies (FSRBs) established to ensure effective implementation and enforcement of internationally accepted standards on ML/TF, in countries in the Asia Pacific region. At present, the APG consists of 41 members, making it the largest FSRB in the world. Sri Lanka has been a member of the APG since 1997.

Sri Lanka was represented by the FIU-Sri Lanka and other key stakeholders of AML/CFT of the country at the 19th Annual Meeting of the APG held in San Diego, USA in September 2016 and the 19th Annual Typologies and Technical Seminar conducted jointly by the APG and Middle East & North Africa Financial Action Task Force (MENAFATF) held in Jeddah, Kingdom of Saudi Arabia in November 2016. Sri Lanka assumed the 2 year rotating APG co-chair position for 2016-2018 at the 19th Annual Meeting of the APG. Moreover, necessary arrangements are being made to host the 20th Annual Meeting of the APG in Colombo in July, 2017.



The Sri Lankan Delegation at the APG Annual Meeting in San Diego, USA

Egmont Group

The FIU-Sri Lanka has been a member of the Egmont Group since May 26, 2009. It consists of 152 member states and facilitates the FIU-Sri Lanka in sharing financial intelligence with its foreign counterparts effectively.

The FIU-Sri Lanka officials have been actively participating in the Annual Plenary and various working group meetings of the Egmont Group since 2009. The officials of FIU-Sri Lanka attended the 24th Egmont Group meetings held in Monaco in February 2016 and the Egmont Policy and Procedures Working Group inter-sessional meeting held in Qatar in September 2016.

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation (BIMSTEC) is a regional co-operative organization that focuses on fourteen sectors including counter-terrorism and transnational crimes. The BIMSTEC comprises seven member states, namely Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand. Sri Lanka is a leading member of the BIMSTEC Sub-Group on Combating the Financing of Terrorism (SG-CFT).

The 8th Meeting of the SG-CFT was held at the Galle Face Hotel, Colombo during March 16-17, 2016. The meeting was hosted by the FIU-Sri Lanka in co-ordination with the Ministry of Foreign Affairs. The meeting, co-chaired by Sri Lanka and Thailand, was attended by 35 delegates from seven member countries and focused on strengthening the co-operation among member countries to combat the financing of terrorism.



Sri Lanka Hosted and Co-chaired the 8th SG-CFT of the BIMSTEC

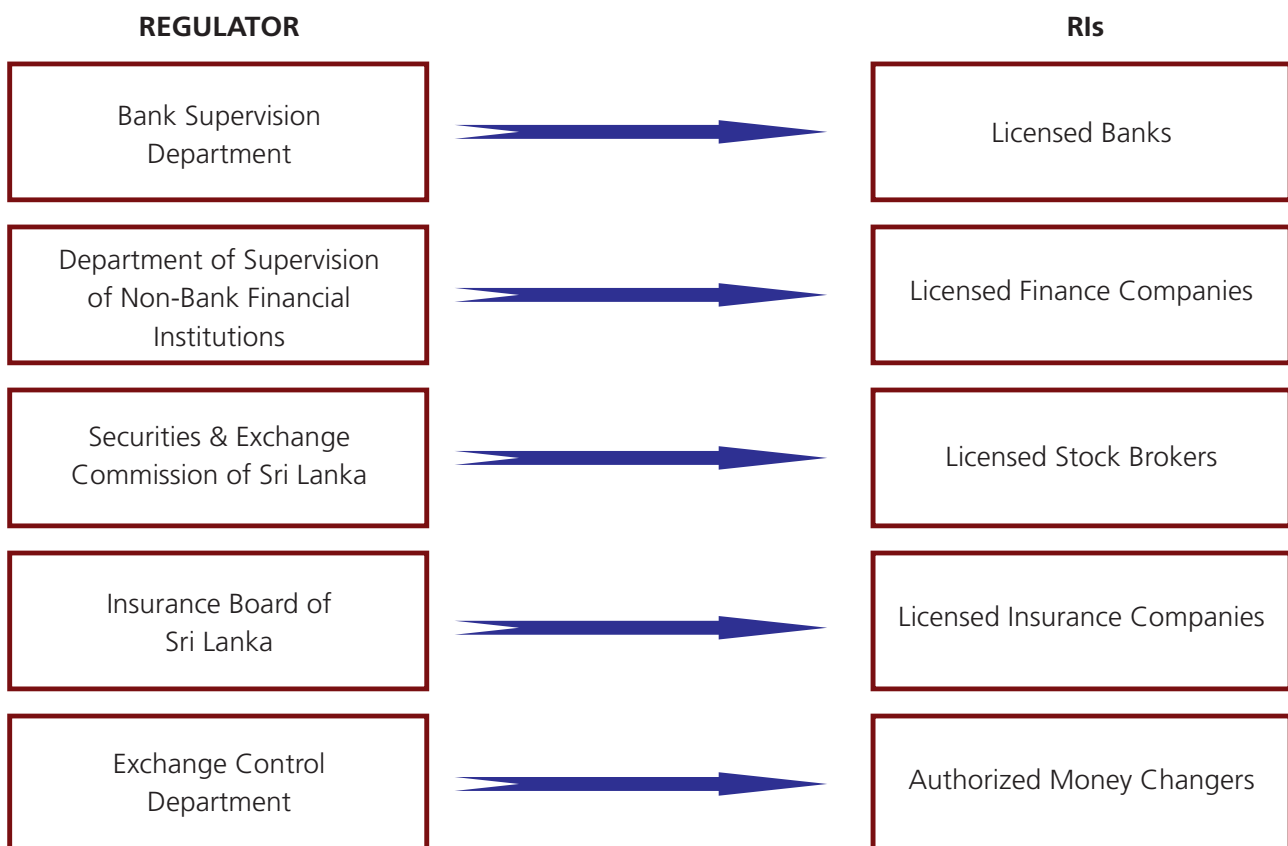
CHAPTER 3: INSTITUTIONAL COMPLIANCE

3.1 Compliance Framework of Reporting Institutions


Sections 15 and 18 of the FTRA empower the FIU-Sri Lanka to conduct on-site and off-site supervision to ensure that the RIs such as LBs, LFCs, SBs, ICs and AMCs comply with such Rules, Regulations, Directions and Guidelines issued under the FTRA. The regulatory authorities of these RIs are also empowered by Section 23(a) of the FTRA, to verify, through regular examination, whether institutions comply with provisions of the Act and if any instance of non-compliance is identified to report the same to the FIU-Sri Lanka.

A regulator of the relevant sector is required to supervise the AML/CFT aspects of respective RIs in addition to performing its general supervisory responsibilities. The sector specific regulators are shown in the following figure.

Regulatory Authorities for Reporting Institutions



Source: FIU-Sri Lanka



The RIs and their staff should have a clear understanding about their responsibilities and obligations in aligning with the AML/CFT framework of the country and the examinations conducted by the FIU-Sri Lanka, under the Risk-based Approach (RBA) in accordance with the Financial Institutions' (Customer Due Diligence) Rules, No. 1 of 2016.

3.2 On-site Examinations

The FIU-Sri Lanka conducts examinations using the RBA in terms of Section 15(1)(e) and Section 18 of the FTRA in order to evaluate the inherent risks of ML/TF while considering the risk mitigating measures taken by the RIs. The inherent risks of RIs are assessed considering the ownership and corporate structure, size of business, the nature and scope of the activities, geographical area of business, fitness and properness of senior managers and quality of corporate governance arrangements of the institution. The risk mitigation measures are evaluated considering compliance with the systems and controls in place to prevent ML/TF risks, effectiveness of AML/CFT procedures and internal controls, supervisory records and other prudential and general aspects.

3.2.1 Examination Methodology

The examination plan for each year is prepared based on the risk profiles of RIs in different sectors. The level of risk is evaluated on each RI in order to group RIs into high-risk, medium-risk and low-risk categories. A questionnaire has been used in order to identify the inherent risk and risk mitigation measures of each RI. The average risk score is considered as the benchmark risk level of a RI.

3.2.2 Examination Process

On-site examinations focus on the availability of proper systems and controls to identify and mitigate ML/TF risks. The FIU-Sri Lanka adopts the following process with regard to on-site examinations.

- a) The Director FIU will inform the Chief Executive Officer (CEO) of the relevant RI in writing about the commencement of examination in terms of Section 15(1)(e), which is read with Section 18 of the FTRA.
- b) Examiners of FIU-Sri Lanka will visit the head office/selected branches of the RI to conduct the onsite examination.
- c) An exit meeting with key management personnel will be held to discuss the material findings.
- d) If necessary, the FIU-Sri Lanka will convene a meeting with the board of directors of the RI to discuss the key findings and propose an action plan to rectify deficiencies.

- e) The RI is informed to table the findings of the examination at the earliest board meeting possible and submit a board approved time bound action plan to rectify the weaknesses of systems and controls as highlighted by the FIU-Sri Lanka within 15 days after the said board meeting.
- f) In the event of failure to comply, the RI will be dealt with accordance with Section 19 of the FTRA.

Table 3.3: No. of On-site Examinations Conducted during 2012-2016

Year	No. of Examinations
2013	7*
2014	4*
2015	8*
2016	15

Source: FIU-Sri Lanka

** Revised*

In addition, the RAs of the RIs also conduct continual inspections on AML/CFT compliance as a part of their regular on-site examinations. The RAs periodically inform, the FIU-Sri Lanka of the outcomes of on-site examinations on AML/CFT compliances of RIs in terms of the FTRA.

The FIU-Sri Lanka has taken enforcement actions, in terms of Section 19 of the FTRA, in instances where RIs had failed to comply with the regulatory requirements. The amount of penalties imposed on such instances are given in Table 3.4.

Table 3.4: Penalties Imposed on RIs during 2012-2016

Year	Amount (LKR mn)
2012	-
2013	2.9
2014	-
2015	9.9
2016	-

Source : FIU-Sri Lanka

3.3 Off-site Surveillance

The FIU-Sri Lanka has taken steps to conduct off-site surveillance through the threshold reporting requirements in terms of Section 6 of the FTRA. The Financial Data Analysis Division of the FIU-Sri Lanka is empowered with the responsibility of conducting off-site surveillance of RIs. The compliance issues identified by the Financial Data Analysis Division, if any, are reported to the Director FIU with recommendations to address deficiencies.

The LankaFIN online data submission system provides the infrastructure to submit periodical returns of CTRs and EFTs. LBs and LFCs submit CTR/EFT reports fortnightly, while other RIs submit threshold reports on a monthly basis to the FIU-Sri Lanka.

3.3.1 Ongoing Monitoring

The FIU-Sri Lanka has implemented a progress review process to monitor the rectification measures taken by the RIs vis-à-vis deficiencies identified during on-site examinations. Under the ongoing monitoring process, the board of directors of such RIs have to take policy decisions with a time bound action plan in order to strengthen the institutional AML/CFT framework. The FIU-Sri Lanka monitors the board approved action plan regularly. Instances of non-compliances will be dealt with in terms of the provisions of Section 19 of the FTRA.

3.3.2 One-on-one Meetings

The FIU-Sri Lanka conducts one-on-one meetings, focusing on improving the quality and accuracy of the process of submitting periodical reports to the FIU-Sri Lanka. This initiative has helped to significantly improve the reporting mechanism of RIs. Details of the one-on-one meetings held during 2012-2016 are shown in Table 3.5.

Table 3.5: One-on-one Meetings with RIs during 2012-2016

Sector	2012	2013	2014	2015	2016
Licensed Banks	11	13	4	6	21
Licensed Finance Companies	5	2	-	1	2
Licensed Insurance Companies	1	1	-	1	1
Licensed Stock Brokers	3	-	1	2	1
MVTS Providers / Others	-	-	-	-	4
Total	20	16	5	10	29

Source: FIU-Sri Lanka

CHAPTER 4: CAPACITY BUILDING

In view of enhancing the knowledge on AML/CFT, the FIU-Sri Lanka continued to allocate more resources on training and development of the FIU staff. Accordingly, international and local training programmes and workshops were arranged for the staff in different disciplines by the FIU-Sri Lanka during the year 2016.

4.1 Training

Details of the international and local training programmes attended by the staff of the FIU-Sri Lanka during the year 2016 are given in Table 4.1 and Table 4.2, respectively.

Table 4.1: International Training Programmes/ Workshops/ Events Attended by Officers of the FIU-Sri Lanka during the Year 2016

Month	Training/ Workshop/ Event	Country
January	Egmont Committee and Working Group Meeting	Monaco
February	SEACEN-BOJ Intermediate Course on Analytics of Macro Economic and Monetary Policy Management	Sri Lanka
March	8 th Sub-Group on Combating Financing of Terrorism (SG-CFT) of the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC)	Sri Lanka
May	Mutual Evaluation Assessor Training Workshop	Macao
August	Technical Assistance and Training Working Group of Egmont	Poland
September	19 th APG Plenary Meeting Inter-Sessional Meeting of the Egmont Group Policy and Procedures Working Group	USA Qatar
October	Workshop on AML/CFT Annual Summit on AML	Chinese Taipei India
November	Workshop on Combating ML APG Mutual Evaluation on-site visit to Mongolia High Level Visit to Philippines as Co-chair of the APG	Germany Mongolia Philippines
December	FATF/APG Joint Typologies and Capacity Building Workshop	Kingdom of Saudi Arabia

Source: FIU-Sri Lanka

Table 4.2: Local Training Programmes/ Workshops/ Conferences Attended by Officers of FIU-Sri Lanka during the Year 2016

Training/ Workshop/ Conference	Venue
Introduction to International Trade	Center for Banking Studies (CBS), Rajagiriya
AML/CFT Summit	Taj-Samudra Hotel, Colombo
Workshop on Forensic Auditing	CBS, Rajagiriya
Building Future Leaders of CBSL	CBS, Rajagiriya
UNCAC Workshop	CIABOC, Colombo
Fixed Income Securities	CBS, Rajagiriya
Enterprise Risk Management	CBS, Rajagiriya
Chartered Accountants Conference	Bandaranaike Memorial International Conference Hall, Colombo
Programme on RBA on AML/CFT	CBS, Rajagiriya
Applied Econometrics : Practical Approach using E-Views Software	CBS, Rajagiriya

Source: FIU-Sri Lanka



BIMSTEC Secretary General Addressing the 8th SG-CFT of BIMSTEC



4.2 External Assistance

The FIU-Sri Lanka continues to obtain the services from two senior officers of the Attorney General's Department to tender legal advice on operational and policy aspects. These two consultants also contributed as resource persons in certain awareness programmes conducted by the FIU-Sri Lanka.

The financial investigations unit of the CID, established in the Central Bank premises during 2015, continued to provide assistance to expedite the investigations relating to certain important ML cases reported to the FIU-Sri Lanka by RIs.

Further, the Information Technology Department (ITD) of the Central Bank of Sri Lanka (CBSL) continued to provide assistance to rectify the issues encountered in the operation of the web based LankaFIN system and receiving of all electronic reports related to CTRs, EFTs and STRs.

Also, officials of the Legal Department - Financial Integrity Group of International Monetary Fund (IMF) visited Sri Lanka during the last quarter of the 2016, in order to assist enhancing Sri Lanka's AML/CFT regime. The IMF team reviewed the existing legal, an a supervisory framework and core functions of the FIU-Sri Lanka and made recommendations to improve the same.

In addition, having considered certain AML/CFT deficiencies highlighted in the APG Mutual Evaluation Report (MER), the FIU-Sri Lanka made a request to the US Department of the Treasury, Office of Technical Assistance, Economic Crimes Team (OTA-ECT) for technical assistance to address the issues. Subsequently, the OTA-ECT carried out a technical assistance need assessment during the year to provide necessary support in the capacity development of the FIU-Sri Lanka and address the AML/CFT deficiencies highlighted in the MER.

As per the request made by the FIU-Sri Lanka, two experts on RBA on AML/CFT from Australian Transaction Reports and Analysis Centre (AUSTRAC) conducted a workshop, in implementing AML/CFT measures according to the RBA for officials of FIU and LBs in 2016. Accordingly, appropriate steps to identify, assess and manage ML/TF risks in relation to customers, countries or geographical areas, products, services, transactions and delivery channels were discussed in depth.



Resource Person from AUSTRAC Addressing the Workshop on RBA Conducted by AUSTRAC

4.3 AML/CFT National Coordinating Committee

The Advisory Board for the FIU-Sri Lanka was renamed in 2016 as the AML/CFT National Coordinating Committee (NCC) with the approval of the Cabinet Ministers. The NCC provides guidance on policy matters and other strategic issues relating to AML/CFT of the country.

The NCC is chaired by the Governor of the CBSL and consists of representatives from other key stakeholders such as the Attorney General's Department, National Dangerous Drugs Control Board, Board of Investment of Sri Lanka, Sri Lanka Police, Ministry of Justice, Sri Lanka Accounting and Auditing Standards Monitoring Board, Department of Import and Export Control, Sri Lanka Customs, Ministry of Finance, Ministry of Foreign Affairs, Department of Registrar of Companies, Legal Draftsman's Department, National Secretariat for Non-Governmental Organizations, Securities and Exchange Commission of Sri Lanka and Department of Immigration and Emigration.



The NCC, which was convened three times during the year 2016, deliberated the following key policy areas:

- Stakeholders were assigned with the responsibility of implementing remedial actions for the deficiencies identified in the APG MER.
- Exploring the possibility of entering into MOUs with CIABOC, IRD and Department of Excise for sharing of information.
- FIU-Sri Lanka to take initiatives to enter into MOUs with counterparts in China, Hong Kong and UAE.
- Attending to the organization of work of the 20th Annual Meeting of APG in July, 2017 through the Task Force established.
- Issuance of CDD guidelines for the MVTs sector.
- Revisiting the existing penalty structure for non-compliance.

The Legal Review Committee appointed by the NCC was reconstituted to recommend amendments to the legislation relating to AML/CFT. This committee consists of representatives from the Ministry of Finance, Ministry of Policy Planning, Economic Affairs, Child Youth and Cultural Affairs, Attorney General's Department, Legal Draftsman's Department and the Sri Lanka Police. This committee finalized amendments to the FTRA during the year 2016.

CHAPTER 5: AWARENESS PROGRAMMES

The statutory obligations of the RIs expanded with the issuance of Customer Due Diligence (CDD) Rules, No. 1 of 2016 on January 27, 2016 requiring the RIs to adopt a RBA to AML/CFT. In view of the above, the FIU-Sri Lanka continued efforts on increasing awareness among the employees of the RIs on reporting obligations and CDD obligations to ensure better compliance. The FIU-Sri Lanka continued to build awareness through its website, and the conduct of seminars and workshops. Awareness programmes were organized across the country and the FIU-Sri Lanka further provided resource persons for the seminars and workshops organized by the regulators, RIs and LEAs.

5.1 Seminars and Workshops Organized by the FIU-Sri Lanka

The FIU-Sri Lanka conducted 30 workshops and seminars for 1,630 participants from RIs and LEAs during 2016, covering subject areas such as RBA, customer identification, record keeping, reporting requirements, and identification of suspicious transactions. Details of these programmes are given in Table 5.1 and Table 5.2.

Table 5.1: Awareness Programmes Organized by the FIU-Sri Lanka

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
21 January	Pan Asia Banking Corporation	Colombo	AML/CFT Awareness, Compliance and Reporting	75
12 February	Singer Finance PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	30
05 April	Singer Finance PLC	Matara	AML/CFT Awareness, Compliance and Reporting	20
07 April	Commercial Bank of Ceylon PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	30
26 April	LCBs, LSBs	Colombo	CDD Awareness	60
28 April	LFCs	Colombo	CDD Awareness	80

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
29 April	SBs	Colombo	CDD Awareness	50
04 May	NDB Bank PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	65
12 May	Softlogic Stock Brokers	Colombo	AML/CFT Awareness, Compliance and Reporting	20
28 May	Amana Bank	Colombo	AML/CFT Awareness, Compliance and Reporting	40
17 June	Singer Finance PLC	Kurunegala	CDD Awareness	40
21 June	John Keels Stock Brokers	Colombo	CDD Awareness	30
24 June	Senkadagala Finance	Colombo	CDD Awareness	40
28 June	John Keels Stock Brokers	Colombo	AML/CFT Awareness, Compliance and Reporting	30
28 June	MVTS Providers	Colombo	CDD Awareness	12
30 June	Singer Finance PLC	Colombo	CDD Awareness	15
10 August	People's Bank	Colombo	CDD Awareness	65
14 September	Singer Finance PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	23
15 September	Commercial Bank of Ceylon PLC	Galle	AML/CFT Awareness, Compliance and Reporting	35
22 September	Merchant Bank of Sri Lanka & Finance PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	110
23 September	Senkadagala Finance PLC	Colombo	AML/CFT Awareness, Compliance and Reporting	35
16 December	LCBs, LSBs, LFCs	Colombo	AML/CFT Symposium	132
Total				1,037

Source: FIU-Sri Lanka



AML/CFT Symposium Conducted for the LCBs, LSBs and LFCs on December 16, 2016

Table 5.2: Awareness Programmes Organized by the Stakeholders during the Year 2016

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
10 March	LCBs, LFCs	CBS Rajagiriya	KYC Regulations and its Importance	85
03 June	Sri Lanka Police	Matale	AML/CFT Awareness	150
10 July	Merchant Bank of Sri Lanka & Finance PLC	CBS Rajagiriya	CDD Awareness	50
21 October	University of J'pura	CBS Rajagiriya	Role of the FIU	70
11 November	LCBs, LSBs, LFCs	Jaffna	AML/CFT Awareness, Compliance and Reporting	80

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
22 November	CEOs of LCBs, LSBs, LFCs	CBSL	Implementing a Risk Based Approach to AML/CFT	33
25 November	LCBs, LSBs, LFCs	CBS Rajagiriya	AML/CFT Awareness, Compliance and Reporting	55
18 December	Muslim Commercial Bank	CBS Rajagiriya	AML/CFT Awareness, Compliance and Reporting	70

Source: FIU-Sri Lanka



AML/CFT Awareness Programme Conducted in the Jaffna District for Officers from the RIs, on November 11, 2016

5.2 Demand Driven Awareness Programmes

Compared to previous years, 2016 showed an expansion in the FIU-Sri Lanka's effort to increase awareness programmes for the stakeholders, in terms of number of programmes, number of participants, and the coverage areas of the country. This growth was mainly to cater to the increased demand from RIs, with the issuance of CDD Rules, No. 1 of 2016. Details of the depth and the breadth of awareness programmes conducted are given in Table 5.3.

Table 5.3: The Depth and Breadth of Awareness Programmes Conducted during 2014 - 2016

Year	Number of Awareness Programmes	Number of Participants	Districts Covered
2014	19	1,138	Colombo, Jaffna, Batticaloa, Kalutara
2015	21	1,495	Colombo, Kandy, Trincomalee, Hambantota
2016	30	1,630	Colombo, Matara, Matale, Kurunegala, Galle, Jaffna

CHAPTER 6:

TYOLOGY ANALYSIS AND CASE STUDIES

Money laundering is used by criminals to disguise illegal origins of their wealth. In some circumstances, the study of typologies of money laundering is needed for combating it successfully. The typologies of money laundering mainly include the methodologies and techniques used to launder proceeds of criminal activities.

Case Study 1: Transactions by Third Parties and Forfeiture of Assets

Officers of the PNB arrested a person in possession of 12 kg of heroin. The person was identified as Mr. K, a leading drug dealer in the suburbs of Colombo in the Western Province of Sri Lanka. Using information given by Mr. K, the Police were able to track down Mrs. Z, the supplier of drugs and arrested her. As the investigation widened, the investigators received a lead regarding a drug kingpin called Mr. M, who for public appearances acted as an owner of a hardware store. Investigators commenced investigations into the documented assets, sources of income and the bank accounts belonging to Mr. M.

When inspecting the assets belonging to Mr. M, it was observed that, he had amassed a significant number of high value assets that did not align with his known sources of income. As Mr. M's only testified and documented source of income was a hardware store, his income profile also failed to match his documented source of income. As per the audited accounts, the hardware store showed net profit below LKR 400,000 for the calendar year.

Further, it was revealed that Mr. M has conducted a large number of cash transactions via bank accounts using different persons. On occasions, Mr. M had deployed a three wheeler driver for the administration of the hardware store and had opened two bank accounts for that purpose. These accounts carried deposits in excess of LKR 90 mn and LKR 150 mn, respectively, in 2011 and 2012. Most of the deposits to these accounts were made in small currency denominations of LKR 100 and LKR 50. Withdrawals from the accounts were made by Mr. M, his spouse and Mr. K, the dealer arrested first, by drawing high value cheques.

Investigations further revealed that Mr. M has lived a luxurious lifestyle. Mr. M has acquired several valuable properties from a close suburb to Colombo, including several shops and land worth LKR 29.1 mn, a hardware store and two luxury jeeps. Furthermore, a van and a Sports and Utility



Vehicle bought for his daughter and a restaurant purchased for the drug supplier Mrs. Z were also identified as having been acquired through Mr. M's money.

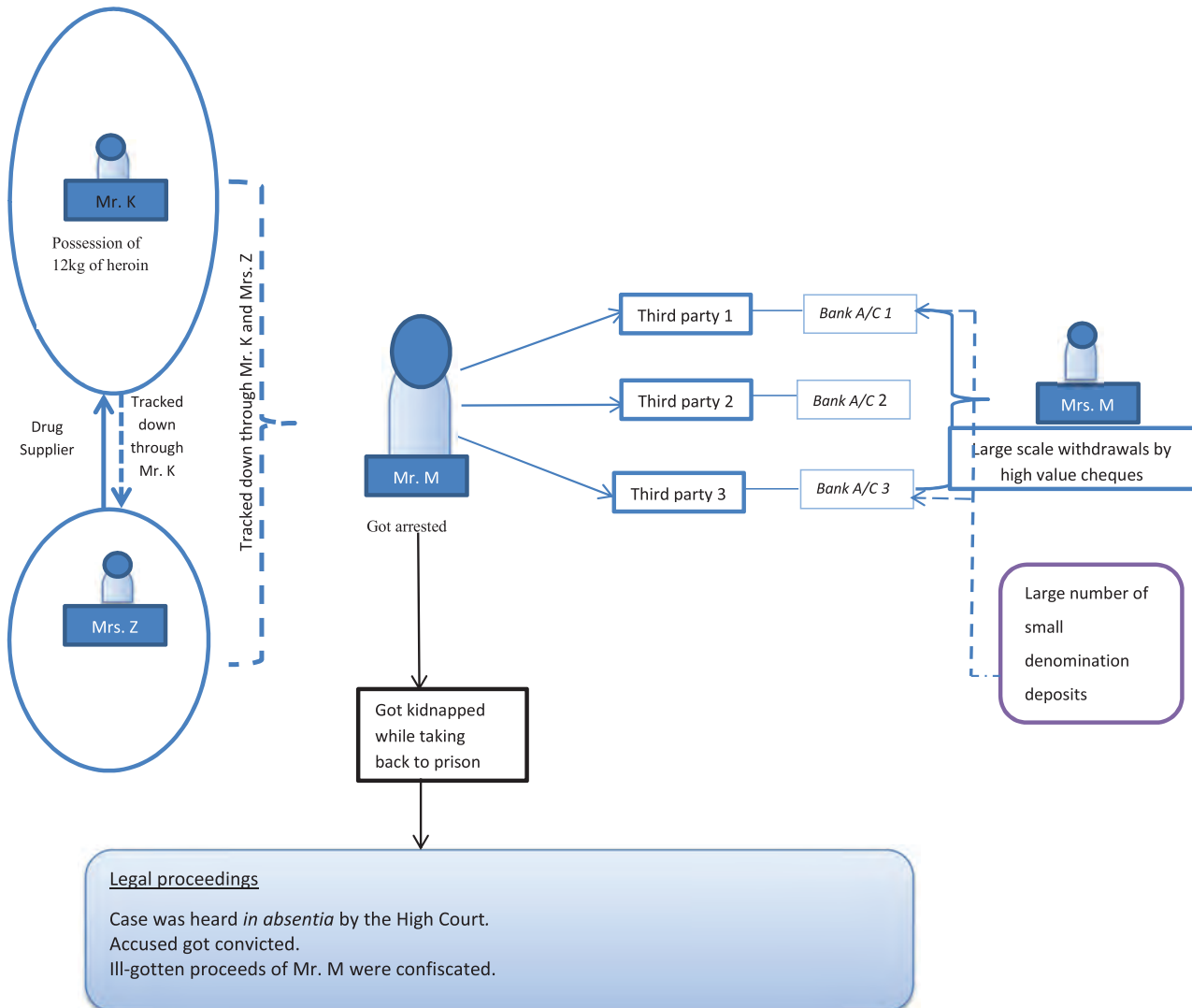
As a further indication of Mr. M's wealth being derived from his involvement in the narcotics trade, investigators found 37 kg of heroin from a drawer kept inside his hardware store. However, evidence uncovered depicted that Mr. M has not got personally involved in the narcotic distribution or handling cash transactions but had used several persons to carry out transactions. Mr. M was arrested subsequently by the Police officers of a Police station in the North Western Province of Sri Lanka.

The Attorney General filed the indictment against Mr. M under the PMLA, regarding the purchase of properties using misappropriated/laundered proceeds. The trial progressed and, as customary for a prisoner languishing in remand prison, at the conclusion of the day's trial proceedings in High Court, the accused was taken back by prison transport. One day, as he was escorted to the prison transport, Mr. M was forcibly taken away by several unidentified persons in a van. The police was unable to uncover any information regarding the whereabouts of the suspect or whether it was an actual kidnapping or a clever ruse to evade the trial. After a lapse of a year since the disappearance, Mr. M's family members sought permission from court to submit a death certificate obtained under the Registration of Deaths (Temporary Provisions) Act, No. 19 of 2010, to consider Mr. M as a missing person. They also pleaded that as Mr. M is considered a missing person, an order could be issued by the High Court to cease the proceedings of the case. However, the court dismissed the plea and fixed the matter to be heard in absentia - in the absence of the accused. At the conclusion of the trial, the High Court delivered the judgment convicting the accused Mr. M, in absentia, and ordered the forfeiture of Mr. M's ill-gotten proceeds.

AML Red Flag Indicators:

- Unlawful activity – proceeds of crime
- Customer profile not matching source of known income
- Large number of small denomination deposits
- Accounts operated /transacted via third parties
- Large scale withdrawals
- Failure to adhere to KYC/CDD of the bank

Case Study-1



Case Study 2: A Financial Fraud over Social Media

The FIU-Sri Lanka received a public complaint from Mrs. D about becoming a victim of a financial fraud involving a person she met over the social media network, Facebook. According to the complaint, she got to know Mr. B, a foreign individual through Facebook, and Mr. B became a 'family friend'. Mr. B built a relationship with Mrs. D over the social media network and informed her that he will be coming to Sri Lanka for a visit and some jewelry items for Mrs. D was sent as a 'gift'. Further, Mr. B introduced Mrs. D to Mr. J an 'agent' of the courier service, whose services was apparently used in couriering the jewelry.



According to Mr. B, Mr. J would help to clear the items from the Sri Lanka Customs. Later on, Mr. B and Mr. J contacted Mrs. D and instructed her to deposit LKR 80,000 as courier charges and LKR 255,000 as customs tax to a local bank account on two consecutive days to clear the jewelry items from the Sri Lanka Customs. Mrs. D deposited the money to the bank account informed by them, but did not receive any jewelry as promised. Mr. B contacted her again and instructed her to deposit LKR 817,000 citing that it was necessary to release the jewelry from the Sri Lanka Customs. While refusing to comply, Mrs. D tried to contact Mr. B and Mr. J, but failed.

Realizing she has been a victim of a fraud, Mrs. D made a complaint to the FIU-Sri Lanka and LEAs. The FIU-Sri Lanka obtained the transaction details of the local bank account and it was observed that similar deposits had been made to the same account and immediately withdrawn. The FIU-Sri Lanka referred this case to the CID with relevant information for investigation. The LEA then linked this information to a similar complaint made by Mrs. S from a town in the Uva Province, Sri Lanka. In the latter incident Mrs. S, a 38 year old married woman whose spouse was in foreign employment, had parted with nearly LKR 4,360,000 deposited over a course of time to three accounts. Mrs. S's complaint identified the social media account of the foreign national that carried pictures of a white Caucasian male. However, during investigations it was revealed that Mr. B was a 22 year old African national studying at a private technical institute.

During investigations, the CID discovered that a concerted network of African nationals domiciled in Sri Lanka have engaged in what was identified as 'phishing' scams using social media sites. Phishing identifies methods of enticing likely victims in a manner similar to using bait to lure fish while fishing. Phishing, popular with cybercriminals, involves tricking someone in to clicking a malicious link, part with money later on via response to a seemingly legitimate email or chain of emails. Scammers profile their victims early on and win their confidence through various advances, promise of assets such as jewelry, later getting the would-be-victim to deposit money over scamming them to receive fraudulent receipts, invoices of Customs and immigration control, asset declaration letters and even letters of supervisory authorities forged to represent that the receiver is empowered by the supervisory authority to collect large sums of monies as dues from the victim. Victims' profiles were similar as most cases: females, single or living separately, married with spouse away during most part of the week or on foreign employment, middle aged and not having a very active social life.

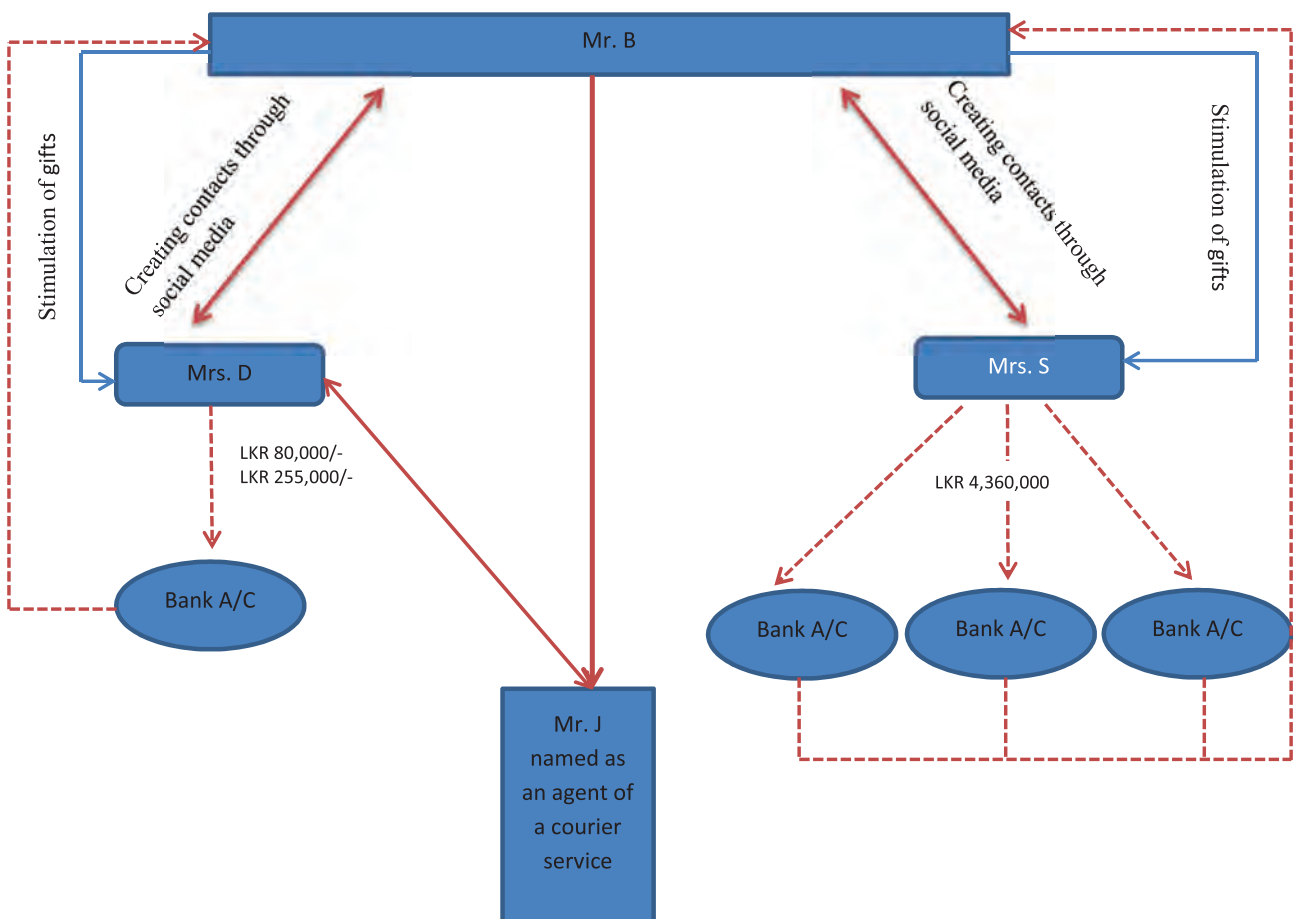
The investigators recovered LKR 1.8 mn from an account of Mr. B who was placed in remand custody by the Magistrate. With the link-up of the current investigations to similar complaints, several arrests

were made and the LEAs have frozen bank accounts involved in the scams. Investigations are continuing to recover all the deposits made to these accounts by victims from various parts of the country.

AML Red Flag Indicators:

- Individuals known by unreliable sources (ex: social media networks, mobile phones etc.) claiming to send valuable gifts/money/lottery prizes.
- Last minute urgent payment requests to a service (such as customs tax, currency conversion fee, lottery price processing fee etc.) to claim the gifts/money/lottery prizes.

Case Study-2



Case Study 3: Trade-based ML

Mr. X registered a single proprietor business in April, 2015 by the name 'X trading Company'. His residential address was given as the principal place of business of the said Company. Immediately after establishing the business, X opened a bank account with the local bank M. Soon after the account was opened, Mr. X transferred funds to four individuals, identified by X as his suppliers in three East Asian countries and one Middle Eastern country, in amounts stated on the pro forma invoices in the following manner.

Supplier and Country	Pro forma Invoice No.	Date of Pro forma Invoice	Date of Fund Transfer	Amount (USD)
A- Country P (SE Asian)	596XYZ326	09/04/2015	09/04/2015	10,288
B- Country Q (SE Asian)	600XYZ330	10/04/2015	10/04/2015	49,250
C- Country E (Middle Eastern)	608XYZ338	10/04/2015	10/04/2015	45,000
D- Country T (SE Asian)	605TUV335	10/04/2015	10/04/2015	20,686

A *pro forma* invoice is attached to the shipped products prior to being shipped and must provide enough information to clear the products through Customs. The invoice is required to contain adequate and accurate information such as Harmonized Codes for customs tariffs and duties, value including price, quantity, product specifications, payment schedules, delivery schedule and shipping arrangements etc. In this context, although transaction details appeared genuine, several characteristics of the alleged transactions of Mr. X attracted the suspicion of the bank employees. Dates of the *pro forma* invoices indicate the specific period of days prior to the Sinhala and Tamil New Year of Sri Lanka, a period ahead of the extended national holiday and vacation possibly with the hope that the bank would not follow with due diligence as it would under normal business circumstances.

Next, it was highly unlikely that Mr. X would establish business relationships with four countries on the days of initiation of the business. What was striking was that Mr. X did not possess even a current account at that time and had applied to open one with the bank. An analysis of the invoices would reveal that the dates of the *pro forma* invoices and the dates of the settlement were the same. Generally, it takes a couple of days to send *pro forma* invoices to importers. But, in this case, *pro forma* invoices had been generated on the date of settlement.



Further, the *pro forma* invoices seem to be fraudulent documents prepared by Mr. X or his associates as the format of all the four invoices were the same although generating from four different firms in four countries, typed using the same font and font sizes. Payment terms of the all invoices had been stated as 'full payment before shipment'. The *pro forma* invoices had not been signed by the suppliers. Instead, it had a rubber stamped name and address of the suppliers. The formats of the numbers of the *pro forma* invoices were also suspiciously similar.

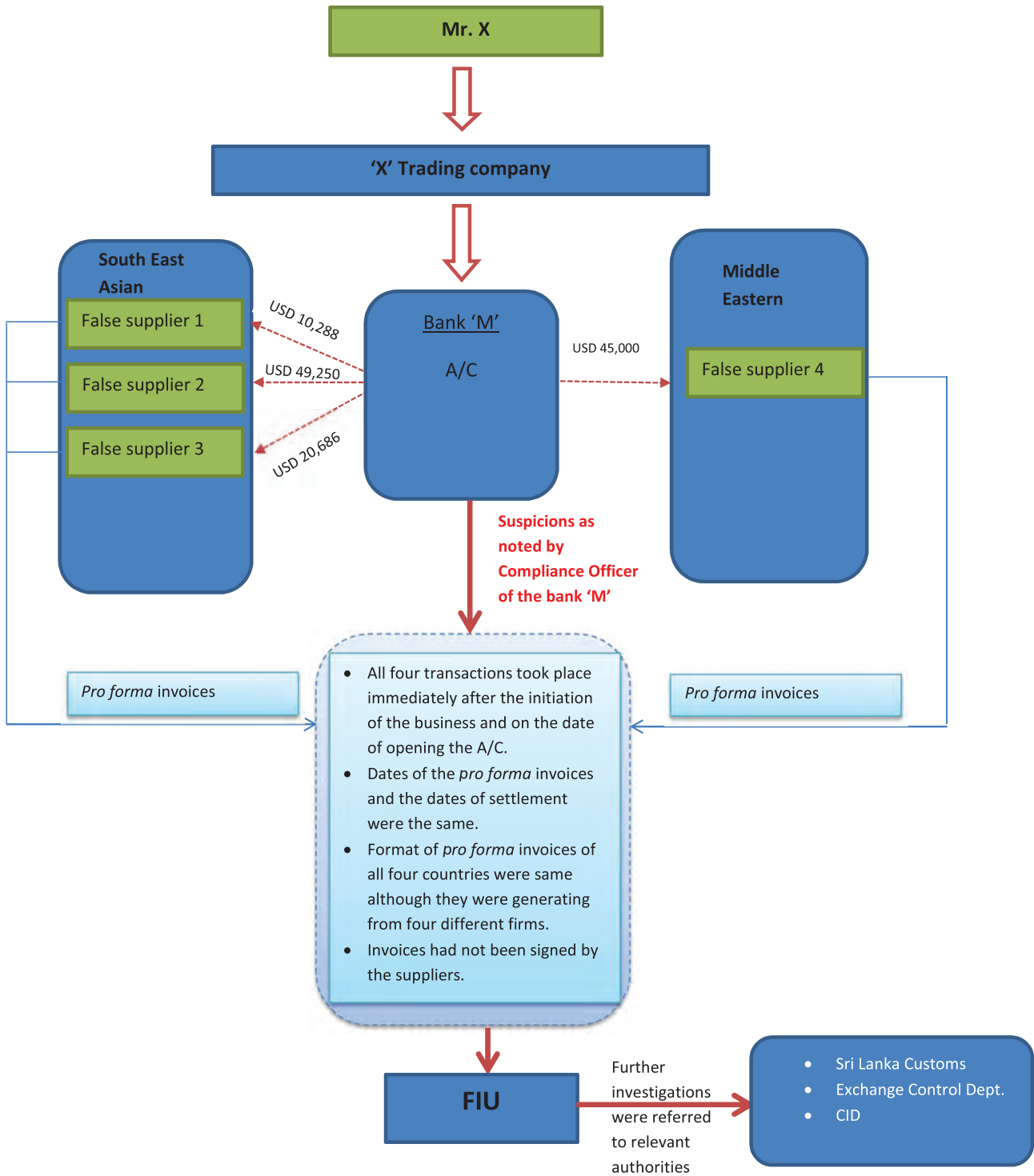
Normal business practice for a single proprietor involved in trade financing would be to open a current account and deal through such an account. Mr. X, however, has deviated from this practice and has used a savings account, drawing further inference that the establishing of the single proprietorship was aimed at transmitting funds overseas without any genuine commercial transaction taking place. The collusion between Mr. X and employees of bank M to arrange for such transactions, open accounts and transfer funds cannot be ruled out. This matter was referred to the FIU-Sri Lanka as a STR by the Compliance Officer of Bank M.

The FIU-Sri Lanka referred this matter to Sri Lanka Customs and the Exchange Control Department of the CBSL for further investigations as it appears to be violating provisions of both the Customs Ordinance, No. 17 of 1869 and the Exchange Control Act, No. 24 of 1953, respectively. Based on the investigations carried out by the Sri Lanka Customs, the X Trading Company was recognized as an entity that has not obtained registration under the Customs Ordinance, as was required for an importer or an exporter under Section 115 A(1) of the Customs Ordinance. Based on the above, it appears that Mr. X and the X Trading Company have been involved in unauthorized money or value transfer process identified generally in the AML phraseology as *Undiyal (Hundiya)* or *Hawala* method, which is not permitted under Sri Lankan law. This STR was also referred to the CID for further investigations.

AML Red Flag Indicators:

- Involved in illegal money or value transfer
- Fraudulent/Suspicious nature of the documentation
- Use of false documents to conduct transactions
- Remittances sent immediately after the account is opened
- Large scale outward remittances
- Exchange control violations
- Customs ordinance violations

Case Study-3





Case Study 4: A Forex Remittance Originating from Account Hacking

Company C is a registered limited liability company engaged in textile business. The company has been maintaining a corporate current account with local bank 'Z' since February, 2016. Mr. W and Mrs. J are the Directors of the company. In February, 2016, the company had produced several copies of a commercial invoice, an agreement for the authority to use Company M based in an industrial park in China for payment and a sales agreement with Company MN based in another industrial city within China for the order of 4,400 mt of urea fertilizer to the value of USD 926,200.

On February 24, 2016, bank Y received a SWIFT message from its correspondent bank in the USA that the Company MN had ordered to transfer USD 132,020 (approximately LKR 19,935,144) to the account of Company C. On February 26, 2016, the funds were credited to the account and LKR 10 mn has been withdrawn by Mrs. J on the same day. A day later, the correspondent bank in USA had sent a fraud notice that the remitter had made the payment based on a fraudulent payment instruction received to the remitter by hacking the email of one of the suppliers of the remitter.

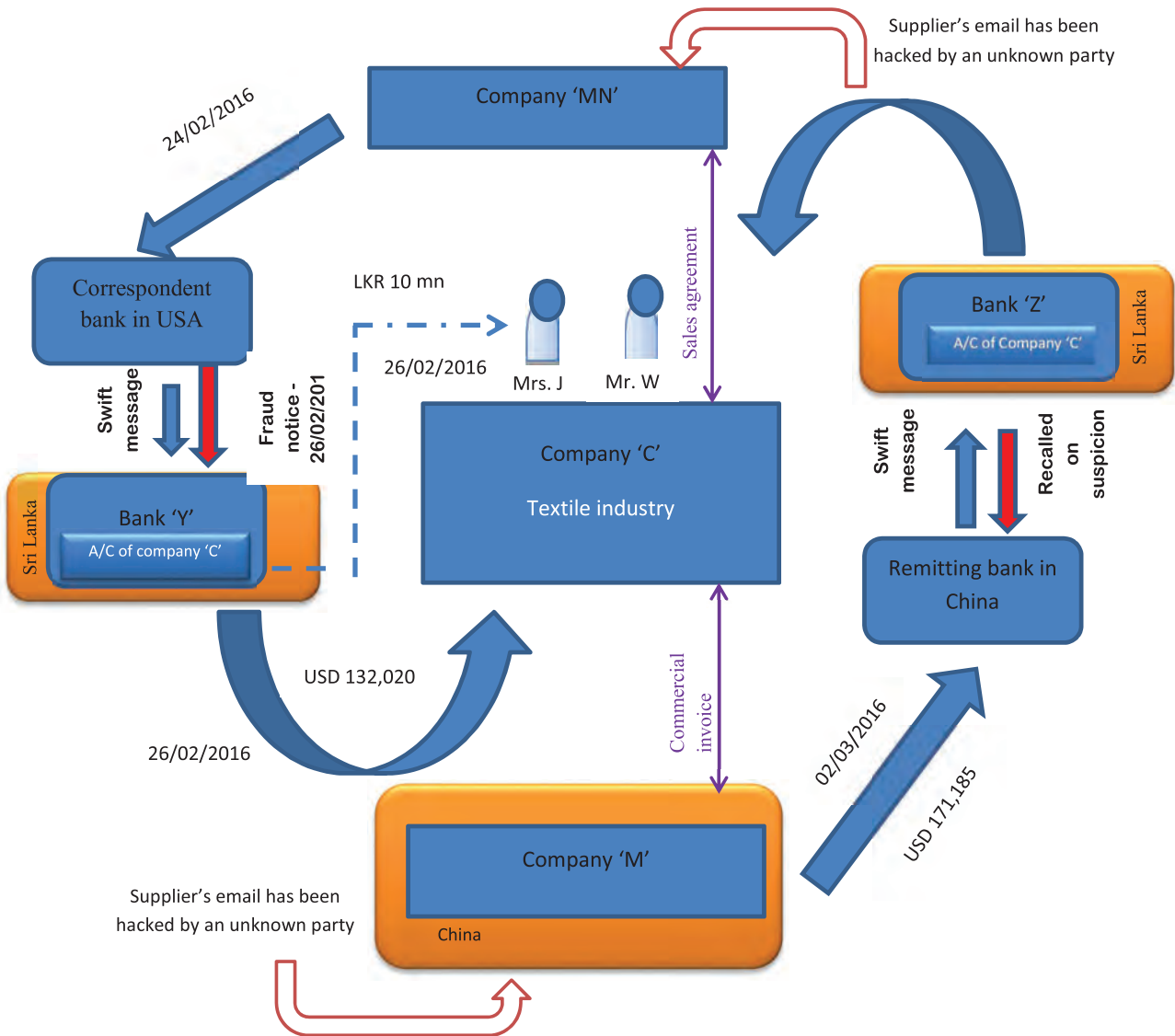
On March 02, 2016, bank Z also received a SWIFT message from a remitting bank in China that Company M had ordered to transfer USD 171,185 to the account of Company C in Sri Lanka maintained at bank Z. As suspicion was raised on the alleged transactions being done outside the usual business transactions of the company C, which involved textiles imports and of the validity of the documents submitted by the customer, bank Z had retained the payment. Later, the remitting bank had informed that the transaction was fraudulent and that the email accounts of the supplier, who was a customer of remitter bank, was hacked and fraudulent details were submitted generating a request to remit funds. Accordingly, the remitter bank had the funds recalled.

It was later revealed in media, that hackers have managed to hack into the Chinese supplier's computer. The supplier's customer was a company registered and having the resident address at an East Asian business hub that carried a similar name to the Sri Lankan company (Company C). An unknown party had changed the supplier's invoice and the account number to that of the company C registered in Sri Lanka instead of the original address and registration details of the Hong Kong based Company. The FIU-Sri Lanka referred this STR to the LEA and further investigations are being carried out by them.

AML Red Flag Indicators:

- Remittances received immediately after account is opened
- Large scale inward remittance
- Use of false documents to conduct transactions
- Use of false identification documentation to open an account
- Public information on fraudulent computer hacking of Chinese firms
- Account opened for non-existing company in Sri Lanka
- Part of the fund withdrawn immediately after remittance was received

Case Study-4





Case Study 5: A Cyber Heist worth USD 100 mn

The S Foundation was formed as a Non-Governmental Organisation (NGO) registered under the Companies Act, No. 7 of 2007 in October 2014 as a company limited by guarantee. The S Foundation had 6 directors while Ms. S functioned as the Managing Director carrying the sole signatory powers over activities of the NGO. The articles of association of the foundation listed its objectives as providing housing for low income groups, guiding self-employment through cultivation, poverty alleviation projects for low income groups, to promote, develop and assist social service activities, rural economy, health and education, housing and construction through funding from donations from abroad.

Meanwhile, Ms. S, who harboured ambitions of a political career as a rural politician had got acquainted with Mr. J, who had lived in Japan for some time. Mr. J was sympathetic towards the cause of Ms. S and has said he could direct her to potential donors, overseas. Later, Mr. J introduced Mr. ST and Mr. TA, Japanese nationals, to Ms. S. At the meeting, Mr. ST has promised that he could bring in Euro 900 bn to Sri Lanka and he requested assistance from the Sri Lankan Government. Believing this, Ms. S has attempted to garner Government assistance, but failed.

In January, 2016, Mr. ST has informed Ms. S, he could send a quick donation and has requested her to open a bank account. Ms. S opened the current account at Bank P on January 26, 2016 and has forwarded the bank account details to Mr. ST. On February 03, 2016, Ms. S and two other directors of the S foundation had met the bank manager and given a letter stating that they're expecting a large sum of money from Japan. The letter requested to inform the directors of S Foundation once funds were received and to route some amounts to personal accounts mentioned. Mr. ST has sent a copy of the SWIFT message to Mr. J through email. The SWIFT message carried several pieces of information that raised the suspicion of the Bank.

The SWIFT message read as;

- Sender: Rural Electrification Up-Gradation Project, JICA Loan No. XY-XYZ 345,[sender country C]
- Amount: USD 20,000,000
- Receiver: S Foundation (sic)
- F70: Remittance Information: Payment against invoice



On February 04, 2016, the said bank account has received USD 20 mn. On February 05, 2016, Head of Remittances Department of the Bank has raised his suspicions with the Branch Manager regarding the large sum of money received by the newly created account of S Foundation. He had also stated that the monies cannot be credited due to certain issues. On the same day Ms. S has visited the branch with few others including Mr. J. She has requested to remit a portion of money received to the account of Mr. J opened in another branch of the same bank. The branch manager had requested to open an account at the same branch for convenience. Accordingly, Mr. J has opened a current account for his private company 'MC'. However, the branch manager had stated that the accounts could not be credited until the funds wired were cleared from the Remittances Department.

In the meantime, Ms. S had requested the branch manager to provide an overdraft of LKR 3 mn until the monies were credited. The manager has disagreed to this request. Ms. S and Mr. J continued to inquire from the bank manager about the state of the funds on February 05th and again after the weekend on February 08th. On February 08, 2016, Ms. S had given instructions in writing to the bank to credit LKR 1.1 bn to the personal account of Ms. S and credit LKR 1.6 bn to another new account opened by Mr. J with the same bank. On February 09, 2016, Bank P's Remittances Department had informed the branch manager that funds could not be credited to S foundation's account as per the sender's request. This was communicated to Ms. S by the branch manager. On February 12, 2016, Ms. S sent a letter requesting to return the USD 20 mn and another letter saying that the S foundation is expecting USD 25 mn from the same sender next week. On February 23, 2016, Ms. S sent a letter, requesting LKR 637.80 mn to be credited to the personal account of Ms. S maintained at Bank N and further LKR 1.12 bn to be credited to the personal account of Ms. S maintained at Bank P.

Verification Process Followed

As a practice, each SWIFT transaction was reviewed by Bank P's Remittances Department prior to monies being released to relevant accounts. On this occasion, the SWIFT transaction raised the suspicions of the staff of the Remittances Department as it was a newly formed account with no prior history of foreign exchange remits; the amount received being a large value and discrepancies related to the name of the organisation and the related project details. As Ms. S has indicated earlier, the funds were being received for a dairy project. However, as the SWIFT message referred to a power upgrading project, upon the advice of the Compliance Officer, Bank P had requested a project report from Ms. S to clarify the disbursements involving the S Foundation's project initiative. The vigilant bank officers also noted that 'S Foundation' was misspelled as 'S Fundation'. Therefore, the bank needed to obtain further confirmation from the remitting Bank 'D' of USA prior to crediting the amount to the S Foundation's account. A request was promptly sent to Bank D and since there was



no response due to the date being a holiday in USA, a reminder was sent on February 08, 2016. The SWIFT message was forwarded to the sender for verification as well. The sender responded to suspend the transaction and requested further details. On February 09, 2016, the sender sent a message to the bank informing the transaction was fraudulent and requesting to remit back the money to their FED account. On February 10, 2016, the remitting bank 'D' also requested to remit back the money stating the transaction was unlawful. Bank P in the meantime, had also sent a STR to the FIU-Sri Lanka.

Actions Taken by the FIU-Sri Lanka

The FIU-Sri Lanka conducted an on-site examination immediately visiting the bank branch and interviewed the branch manager and the Compliance Officer of the bank. Relevant account opening documents and documents relating to the particular transaction were collected. All banks were requested to report banking relationships with the S Foundation, all the directors of the S Foundation, Mr. J and Mr. J's firm. All bank accounts of the S Foundation, directors of the S Foundation, Mr. J and Mr. J's company were suspended by the FIU-Sri Lanka for 7 days under the FTRA. International cooperation was sought via the Egmont Group from the relevant FIUs of four countries, including the country of the SWIFT sender.

The case was referred to the CID for further investigations. The FIU-Sri Lanka informed relevant banks to assist the CID investigations through the submission of all related documents. Further, the FIU-Sri Lanka extended its assistance to several delegations of investigators in order to carry out their investigations in tandem with the CID.

Actions Taken by the CID

The CID conducted a detailed investigation into the matter and uncovered the identity of the person who had given payment instructions to the Bank P. During investigations, statements were recorded from Ms. S to determine the involvement of each party in the fraud. Investigators, initially could not locate Mr. J and it was suspected that he has gone into hiding. Using the triangulation method, communication patterns emerging from mobile phone networks and cellular towers, the investigators were able to track Mr. J's location to a remote town in the Southern Province of the country. Statements obtained from Mr. J revealed the connection of Mr. ST and Mr. TA in the scam. A fund sharing agreement between Ms. S and Mr. J and passport details were also found. Thereafter, the CID obtained an order from the Colombo Magistrate's Court, prohibiting all Directors of the S Foundation and Mr. J from leaving the island (a travel ban).



Subsequent Information Revealed on the Wire Fraud

Later, it was revealed that the planners of the fraud has targeted a South Asian Central Bank to embezzle the funds and managed to hack into the computer network of the Central Bank. The hackers then wired international reserves of the Central Bank of nearly USD 1 bn via 35 wire transfers. The South Asian Central Bank has managed to halt nearly USD 850 mn, while USD 101 mn has gone out to two Asian countries including Sri Lanka. The SWIFT message to Sri Lanka channelled USD 20 mn. The balance funds were channelled to an East Asian country where the USD amount was transferred from the Eastern part of the US Federal Reserve system.

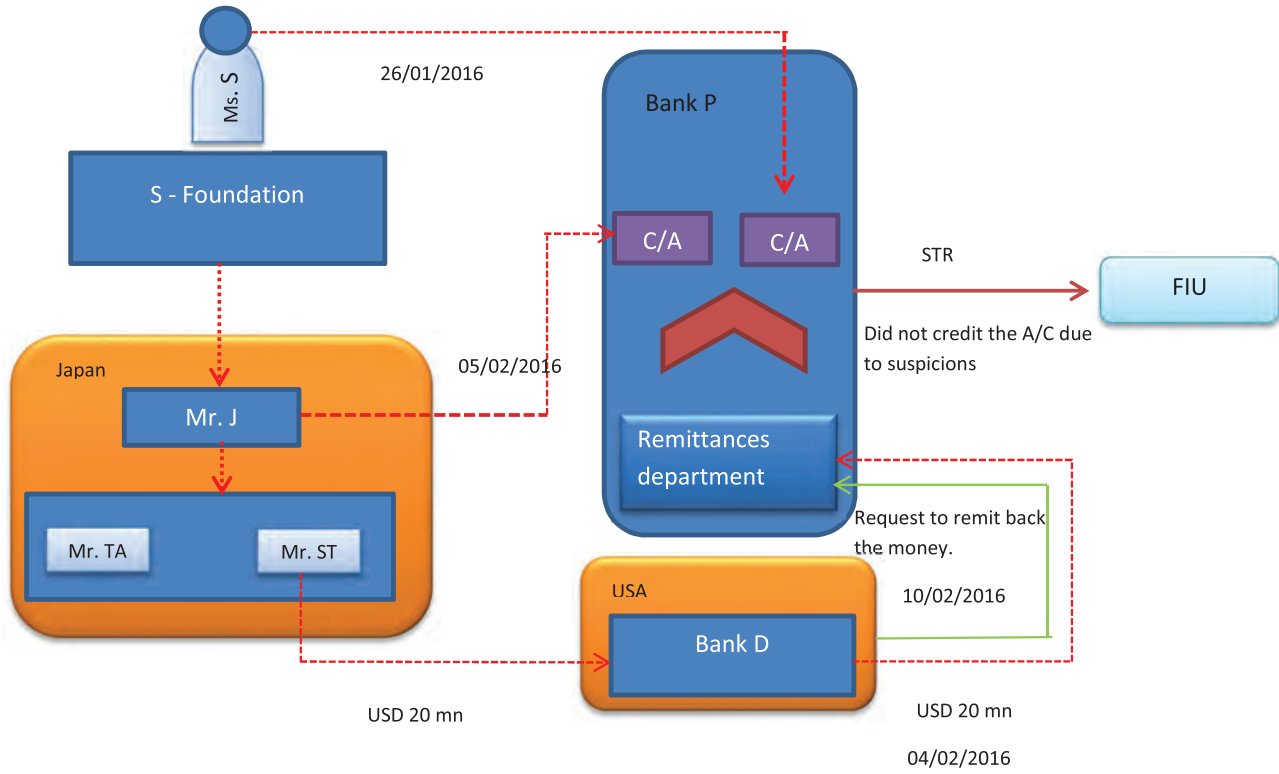
While the possibility of a Central Bank insider introducing malware to the hacked encryption software cannot be ruled out, it was revealed that the dates of the criminal activity were also well planned and targeted in a way that there would be minimum attention on remote wire transactions that were taking place. For Sri Lanka, the day the SWIFT was received, February 4th , was its Independence Day, a national holiday. February 5th, being a Friday, and 6th being a Saturday, were non-working days for the South Asian country due to religious reasons. The usual calendar weekend fell on 6th and 7th February. For the East Asian country, having a large Chinese community, 8th February was the Chinese New Year and was marked as a bank holiday for the most part of East Asia. All in all, the fraudsters targeted a period of 7-8 successive days of financial sector inactivity/low activity to function as a veil over their fraudulent wire transfer of funds.

In conclusion, while international investigations are being continued, most of the funds sent out, including the USD 20 mn sent to Sri Lanka, were reverted back to the South Asian Central Bank. Investigators in the countries involved are carrying out investigations and cooperation is being sought from oversight agencies and supervisory bodies of relevant countries to recover the balance proceeds transferred fraudulently.

AML Red Flag Indicators:

- Remittances received immediately after account opening
- Large scale inward remittance
- Fraudulent transfer of funds
- Suspicious circumstances surrounding transaction, details and future use of funds
- Questionable circumstances requiring reconfirmation from sender and intermediate banks
- Intention of part of the funds to be immediately withdrawn after remittance credited

Case Study-5



CHAPTER 7: IT INFRASTRUCTURE FOR REPORTING

7.1 LankaFIN System

The LankaFIN system, a web based solution developed in-house, has been used by the FIU-Sri Lanka since 2009 to receive STRs and mandatory threshold reports of CTRs and EFTs.

The core functions of the LankaFIN system include;

- a) receipt of mandatory threshold reports (CTRs and EFTs),
- b) receipt of STRs from RIs,
- c) analysis of CTRs/EFTs,
- d) STR case management,
- e) statistical reporting and
- f) management of Compliance Officers and RIs

The database system facilitated 143 RIs to submit mandatory reports to the FIU-Sri Lanka during 2016. Further, operational analysis of STRs by the Intelligence Management Division of the FIU-Sri Lanka was supported by the 2,379,810 alerts generated through the LankaFIN system.

The LankaFIN system is the primary mode of STR submission mechanism available for the RIs. Therefore, all the Compliance Officers and Compliance Assistants of RIs are provided with access to the LankaFIN system. By the end of 2016, the total number of LankaFIN users from different sectors grew to 262 from last year's 257. With the issuance of new CDD Rules in 2016, newly appointed Compliance Officers for MVTs providers were provided with access to LankaFIN.

Table 7.1: LankaFIN Users as at End of Year 2016

Sector	No. of Compliance Officers	No. of Compliance Assistants	Total No. of LankaFIN Users
Licensed Commercial Banks	25	40	65
Licensed Specialized Banks	7	7	14
Licensed Finance Companies	46	41	87
Licensed Insurance Companies	28	15	43
Stock Brokers	34	15	49
Money or Value Transfer Service Providers	3	1	4
Total	143	119	262

Source: LankaFIN, FIU-Sri Lanka

7.1.1 Feedback on LankaFIN Reporting

The Financial Data Analysis Division of the FIU-Sri Lanka provides feedback to RIs on the submission of CTRs/EFTs for continuous improvements. This includes the conduct of awareness programmes on KYC/CDD and the quality of data submissions.

When the RIs submit CTR or EFT files through LankaFIN, the Financial Data Analysis Division examines these reports, focusing on the mandatory fields and the quality of the CDD conducted. In this regard, the Financial Data Analysis Division of the FIU-Sri Lanka has provided feedback to the RIs for further improvements on 1,094 instances where deficiencies have been observed.

Overview of Receipt of CTRs and EFTs through LankaFIN

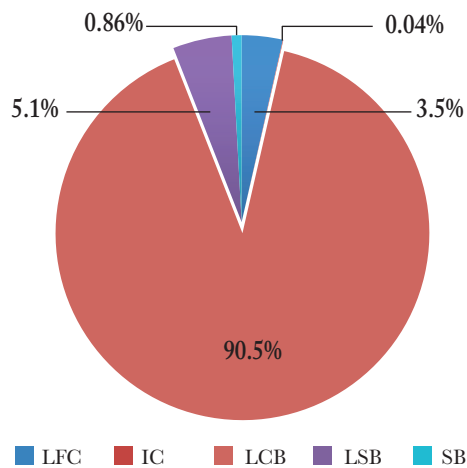
An analysis of the CTRs and EFTs reported by the RIs is provided, highlighting significant trends and patterns.

The analysis focuses on,

- a) CTRs/EFTs by sector
- b) CTRs/EFTs by value range
- c) CTRs/EFTs by currency type

CTRs/EFTs by Sector

Figure 7.1
CTRs by Sector

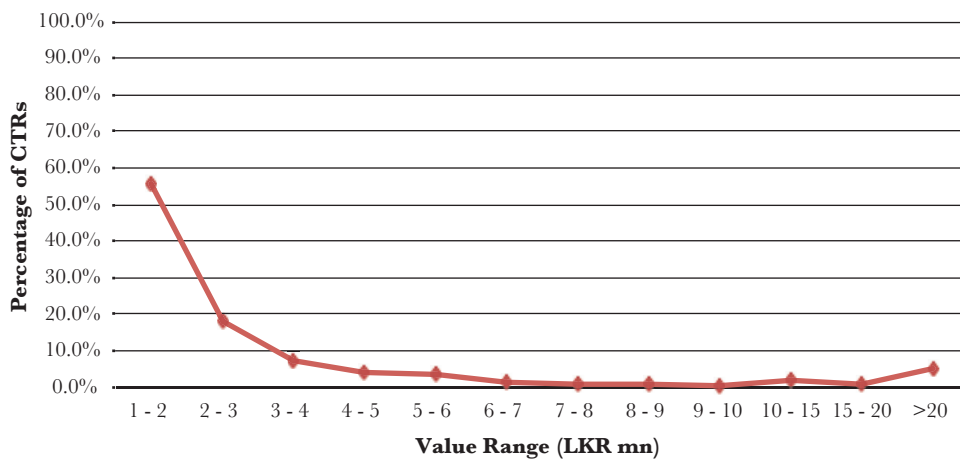


In 2016, the majority of the CTRs (90.5 per cent) were reported by the LCBs, followed by LSBs (5.1 per cent) and LFCs (3.5 per cent).

In 2016, nearly 99.7 per cent of the EFTs were reported by the LCBs. The EFTs reported by LSBs were accounted only for 0.2 per cent.

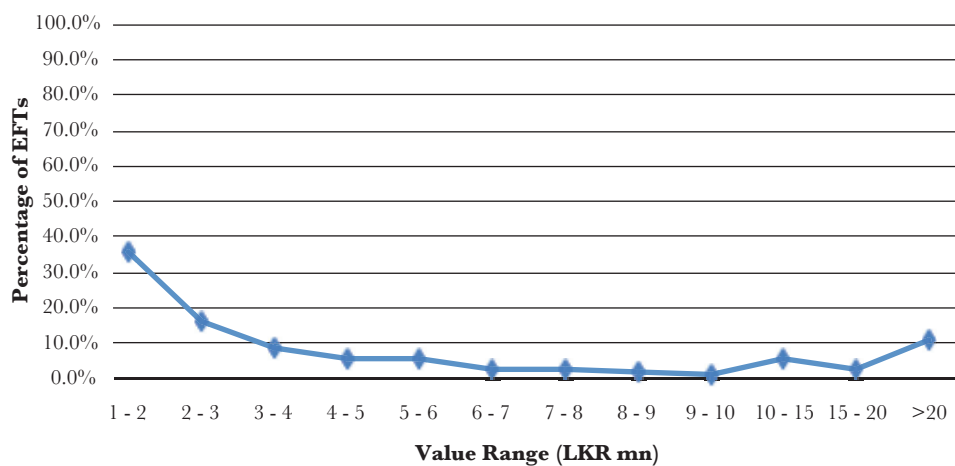
CTRs/EFTs by Value Range

Figure 7.2
No. of CTRs under Different Value Ranges



It was observed, that 55.45 per cent of the CTRs reported to the LankaFIN by the RIs during 2016 were in the range of LKR 1 to 2 mn, while the majority of the CTRs (80.9 per cent) were in the range of LKR 1 to 4 mn.

Figure 7.3
No. of EFTs under Different Value Ranges



EFTs in the range of LKR 1 to 2 mn was 36.1 per cent of the total number of EFTs reported. In contrast to CTRs, majority of EFTs (81 per cent) fall within the range of LKR 1 to 10 mn.

CTR/EFTs by Currency Type

Out of all the CTRs reported through LankaFIN in 2016, 98 per cent were in LKR currency. A breakdown of CTRs in foreign currencies is given in Figure 7.4.

Figure 7.4
CTR by Foreign Currency Type

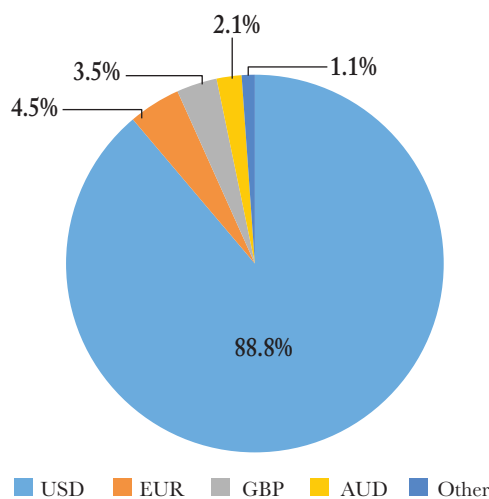
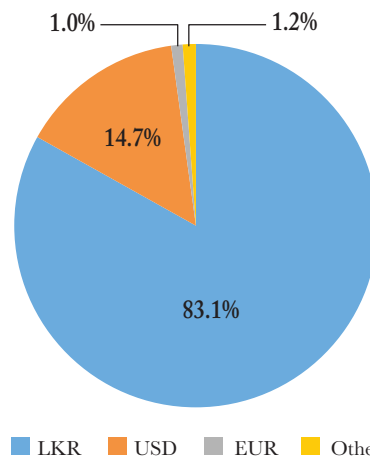


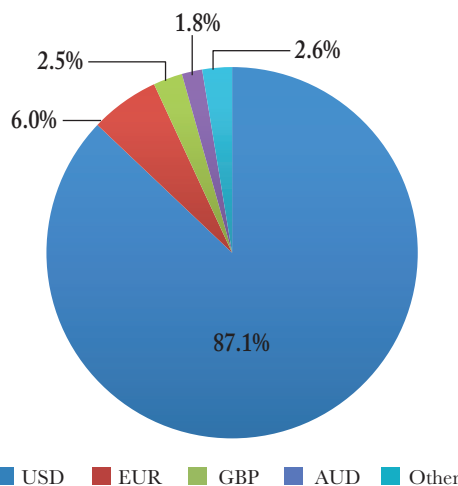


Figure 7.5
EFTs by Currency Type



Majority of EFTs were reported in LKR (83.1 per cent) followed by USD currency, which is accounted for 14.7 per cent.

Figure 7.6
EFTs by Foreign Currency Type



A breakdown of EFTs conducted in foreign currency shows that the EFTs made in USD amounted to 87.1 per cent, followed by EFTs in Euros amounting to 6.0 per cent.

7.1.2 Upgrading the IT Systems

During 2016, the FIU-Sri Lanka took several initiatives to upgrade its IT analytical capabilities. In this exercise, steps were taken to procure a suitable software solution for the FIU-Sri Lanka. A Tender Board was appointed by the Governor of the CBSL for this purpose. The feedback provided by some counterpart FIUs were beneficial for the FIU-Sri Lanka to make a decision on the selection of an IT solution in due course.



7.2 Access to Other Sources of Information

The FATF Recommendation 29 requires FIUs to have access to a wide range of information sources for a better analysis of STRs. In this connection, the FIU-Sri Lanka has entered into MOUs with domestic institutions such as the Sri Lanka Customs, IRD and Department of Immigration and Emigration, to exchange/recvie required information to facilitate the investigations on ML/TF. Accordingly, it has been planned to establish an online data access facility with Sri Lanka Customs and Department of Registration of Persons in due course.

7.3 FIU Website

Since the inception of the FIU-Sri Lanka's official website, <http://fiusrilanka.gov.lk>, in 2014, its domestic and international user community has grown over the years. The FIU-Sri Lanka's website is one of the primary sources of information for the stakeholders. It has been noticed that there is growing interest from the general public to reach out to the FIU-Sri Lanka through its website.

A list of documents made available on the website during the year 2016 is given below.

- a) KYC/ CDD Rules for Financial Institutions - Extraordinary Gazette No.1951/13, January 27 of 2016.
- b) Definitions/ Clarifications for Financial Institutions (Customer Due Diligence) Rules No. 01 of 2016.
- c) Annual Report of the FIU-Sri Lanka – 2015.
- d) The FATF public statement on high risk and non-co-operative jurisdictions.
- e) Amendment to the list of designated persons under Regulation 4(7) of the United Nations Regulation No. 01 of 2012.
- f) Amendments to the consolidated list under regulation 4(2)(b) of the United Nations Regulations No. 02 of 2012.
- g) Press releases by the FIU-Sri Lanka on the following
 - i. MOU with the Department of Inland Revenue.
 - ii. MOU with the Department of Immigration and Emigration.
 - iii. MOU with the Suspicious Transaction Reporting Office of Singapore.

CHAPTER 8:

POST-APG MUTUAL EVALUATION AND ICRG REVIEW

8.1 APG Mutual Evaluation

In accordance with membership rules of the APG, the FSRB for the Asia and Pacific region, the members are committed to a mutual peer review system to determine the level of compliance with the FATF standards once in every six years. These peer reviews are referred to as Mutual Evaluation (ME).

Two mutual evaluations have been conducted on Sri Lanka by the APG. The third round of ME was commenced in 2014 under the revised standards of the FATF in 2012. Unlike the previous methodology of 2004, the revised methodology in 2013 consists of assessment in two areas as follows.


Technical Compliance (TC): Assess the status of the relevance of the legal and institutional framework of the country and the powers and procedures of the competent authorities to comply with the FATF 40 recommendations.

Effectiveness: Assess the extent to which the legal and institutional framework is capable of producing the expected results. The effectiveness assessment is based on 11 immediate outcomes stated in the FATF Methodology.

8.1.1 APG Mutual Evaluation on Sri Lanka

As a founding member of the APG, Sri Lanka had its first ME by the APG in 2006 soon after the establishment of the FIU-Sri Lanka in March, 2006. A series of recommendations were made in the first MER, in order to rectify the gaps identified therein, including the requirement to amend several Acts and promulgate regulations on the implementation of the United Nations Security Council Resolutions (UNSCRs). Sri Lanka was able to implement the said recommendations highlighted in the first MER by 2013.

The second ME on Sri Lanka was conducted in 2014/15 by a panel of evaluators representing countries of Australia, India, Bhutan, Hong Kong, Malaysia, Singapore and the APG Secretariat. The MER was adopted at the 18th Annual Meeting and Technical Assistance Forum of the APG held in Auckland, New Zealand in July 2015.



Sri Lanka was rated Compliant or Largely Compliant (LC) for 12 recommendations out of 40 recommendations on TC and Substantially and Moderately effective in two Immediate Outcomes (IOs) out of 11 IOs. Based on the above compliance level, Sri Lanka was placed under the 'Expedited Enhanced Follow-up Process,' requiring the country to provide the progress achieved in implementing the actions recommended in the MER to the APG on a biannual basis.

8.1.2 Major Follow-up Actions Taken to Address AML/CFT Deficiencies

In response to the deficiencies highlighted in the MER, the FIU-Sri Lanka together with other relevant stakeholders implemented a series of actions to improve the country's compliance with the FATF standards, as indicated in Table 8.1.

Table 8.1: Major Actions Taken since the Adoption of MER

- a) Adoption of the AML/CFT National Policy for 2015 -2020 with the approval of the Cabinet of Ministers
- b) Formulating of a Cabinet approved institution-wise action plan based on recommendations of MER
- c) Recommending amendments to the FTRA and PMLA by a reconstituted Legal Review Committee
- d) Issuing Customer Due Diligence Rule No. 01 of 2016, covering every institution engaged in finance business as defined in the FTRA
- e) Assessing of financial sector risk and introduction of risk-based AML/CFT supervision
- f) Finalizing draft CDD Rules for the DNFBNs
- g) Issuing risk-based AML/CFT Guidelines for MVTs providers
- h) Obtaining technical assistance from the World Bank on the simplification of CDD Rules
- i) Obtaining technical assistance from the IMF and the US Department of Treasury mainly to enhance technical capabilities relating to AML/CFT risk-based supervision and FIU analytical capabilities and to review relevant Acts
- j) Drafting the amendments to the Trust Ordinance by the Ministry of Justice
- k) Enhancement of the investigative and prosecutorial capabilities of the CID and Attorney General's Department
- l) Signing of MOUs with three domestic institutions and five foreign counterparts by the FIU-Sri Lanka to exchange information to facilitate investigations since the adoption of the MER

8.1.3 Upgrading the Ratings due to the Progress Made

Sri Lanka submitted the 1st follow-up report to the APG in January 2016. The progress report was presented at the APG Annual Plenary held in San Diego, United States of America in September, 2016 and there was a consensus among the members that Sri Lanka has made considerable progress on TC in relation to 9 recommendations initially rated as Non-Compliant (NC) or Partially Compliant.

Accordingly, Sri Lanka's AML/CFT compliance level was upgraded with effect from January, 2016.

Table 8.2: Technical Compliance after the Re-rating in January, 2016


Level of Compliance	At the Adoption of the MER in July, 2015	Re-rating in January, 2016 due to the Progress Achieved
Compliant (C)	5	5
Largely Compliant (LC)	7	16
Partially Compliant (PC)	16	13
Non-Compliant (NC)	12	6

With the re-rating of the AML/CFT compliance, Sri Lanka was upgraded to the APG 'Enhanced Follow-up Process' from 'Expedited Enhanced Follow-up Process', requiring the country to report the AML/CFT progress to the APG only annually.

8.2 A Review on Sri Lanka by the International Co-operation Review Group

8.2.1 The International Co-operation Review Group Process

In 2007, the FATF established the International Co-operation Review Group (ICRG) to analyze high-risk jurisdictions and recommend specific actions to address the ML/TF risks emanating from such jurisdictions. If the FATF review concludes that the AML/CFT regime of a country contains significant AML/CFT deficiencies based on the analysis of ICRG, a public statement may be issued by the FATF expressing concerns about the significant deficiencies. If the FATF continues to observe a lack of progress in addressing such strategic deficiencies of a country, which is already in the public statement, the FATF may call upon its members urging all jurisdictions to apply counter-measures to protect their financial sectors from ML/TF risks stemming from such a country.



The ICRG review process was revised over the period with the endorsement of revised FATF standards in February 2012 and the methodology for assessing compliance in February 2013. The new procedures of the ICRG were adopted in October 2015 and updated in February 2016. Under the new procedures, based on the results of the ME, a country will enter the ICRG pool if any one of the following circumstances is applicable (referral criteria):


- 1) it has 20 or more NC/ Partially Compliant ratings for TC; or
- 2) it is rated NC/PC on 3 or more of the Recommendations: R.3, 5, 6, 10, 11 and 20; or
- 3) it has a low or moderate level of effectiveness for 9 or more of the 11 IOs, with a minimum of two low level ratings; or
- 4) it has a low level of effectiveness for 6 or more of the 11 IOs.

Further, the FATF introduced a prioritization criterion in June, 2016 for countries in the ICRG pool to ensure that the ICRG does not focus on relatively small countries with potentially insignificant impact on the international financial system. Accordingly, a country should be subject to the ICRG review if it meets the referral criteria agreed upon and the country has a threshold of USD 5 bn of financial sector assets.

If a country meets both the referral criteria and prioritization criteria, it would be referred to the ICRG process at the FATF Plenary after the adoption of the country's MER. This period will be considered as an 'observation period'. At the end of the observation period, a Joint Group will assess the degree and quality of progress made by the country and present its findings at the ICRG meeting.

If the Joint Group is satisfied that the country has remedied its shortcomings identified in its MER with respect to its referral criteria, it will propose to the ICRG to remove the country from the ICRG process. The ICRG may then propose to the FATF Plenary to instruct the relevant FSRB to complete the monitoring through the Enhanced Follow-up Process.

If the Joint Group is not satisfied with the progress made, they will further develop an action plan noting the key strategic deficiencies and actions to address them. The FATF will then request the country to provide a high-level political commitment to the action plan and the country will then be publicly identified and enter active ICRG monitoring.



The country is expected to complete all the actions included in the action plan developed in consultation with the ICRG including facilitating an onsite visit to review the effectiveness to exit the ICRG process (FATF ICRG procedures for 4th Round of mutual evaluations, February 2016).

8.2.2 ICRG Review on Sri Lanka

In October 2015, the FATF decided to include Sri Lanka in the ICRG process under the new automatic referral based on the MER results that satisfy three out of four referral criteria on rating for TCs (28 recommendations rated Non-Compliant or Partially Compliant) and IOs (low or moderate level of effectiveness for 10 IOs). Accordingly, Sri Lanka entered into a one-year observation period in October 2015. With the application of new prioritization criteria introduced in June 2016, where financial sector assets of the country stood at USD 97.6 bn as at 31.12.2015 (CBSL Annual Report 2015), it has been determined by the ICRG that Sri Lanka would be included in the ICRG process at the end of the observation period.

According to the Regional Review Group (RRG) procedures, Sri Lanka was required to report the progress made towards increasing the effectiveness on each IO that was rated as low or moderately effective. The review is conducted by the RRG, co-chaired by India and Philippines with other members from the FATF, the APG, Australia, USA and South Korea. Further, a one-on-one meeting between the RRG team and the Sri Lankan delegation is scheduled to be held in January 2017 in Australia to discuss the progress made by Sri Lanka.

The FIU-Sri Lanka continues to follow-up the remaining actions to be implemented as highlighted in the MER and the action plan to be completed as given by the FATF - RRG with relevant stakeholders, in terms of the Cabinet of Ministers' approval obtained in January 2016 and through the directions of the NCC. Further, the FIU-Sri Lanka has also arranged to obtain technical assistance on risk based AML/CFT supervision and legislative amendments from the IMF with effect from October 2016 and on enhancing FIU operational effectiveness and AML/CFT case development/asset management from the Office of Technical Assistance Economic Crimes Team of the US Department of the Treasury, with effect from May 2016.

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PHOTO GALLERY









APPENDIX A:

LIST OF RULES/ DIRECTIONS/GUIDELINES ISSUED BY THE FIU-SRI LANKA FROM 2006 TO 2016

Year 2016

1. KYC/ CDD Rules for Financial Institutions - Extraordinary Gazette No. 1951/13, January 27, 2016
2. Definitions/ Clarifications for Financial Institutions (Customer Due Diligence) Rules No. 01 of 2016

Year 2015

1. Reporting of Foreign Inward Remittances

Year 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 Stock Brokers

YEAR 2013

1. Circular to Directors of All Authorized Money Changing Companies, January 31 of 2013
2. Public Statement by the Financial Action Task Force (FATF)
3. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - All Licensed Banks & 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



YEAR 2012

1. Revisions to 40+9 Recommendations of the FATF
2. Notification from the FIU of the 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 of 2012

YEAR 2011

1. KYC/ CDD Rules for Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1699/10, March 28 of 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

YEAR 2010

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

YEAR 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 & LSBs
6. Web Based Reporting System RFCs



YEAR 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 Authorised to Accept Deposits
6. Compliance with Reporting Requirement of FTRA-Securities Industry
7. Compliance with Reporting Requirement of FTRA-Insurance Industry

YEAR 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-Electronic Fund Transfers

YEAR 2006

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

APPENDIX B: REPORTING INSTITUTIONS AS AT DECEMBER 31, 2016

Licensed Commercial Banks

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



Licensed Specialized Banks

1. HDFC Bank of Sri Lanka
2. Lankaputhra Development Bank Ltd
3. National Savings Bank
4. Regional Development Bank
5. Sanasa Development Bank Ltd
6. Sri Lanka Savings Bank
7. State Mortgage and Investment Bank

Licensed Finance Companies

1. Abans Finance PLC
2. Alliance Finance Co. PLC
3. AMW Capital Leasing and Finance PLC
4. Arpico Finance Company PLC
5. Asia Asset Finance PLC
6. Associated Motor Finance Co. PLC
7. Bimpuh Finance PLC
8. BRAC Lanka Finance PLC
9. Central Finance Co. PLC
10. Central Investments & Finance PLC
11. Chilaw Finance PLC
12. Citizens Development Business Finance PLC
13. City Finance Corporation Ltd
14. Colombo Trust Finance PLC
15. Commercial Credit and Finance PLC
16. Commercial Leasing and Finance Ltd
17. ETI Finance Ltd
18. George Steuart Finance PLC
19. HNB Grameen Micro Finance Ltd
20. Ideal Finance Ltd



21. Kanrich Finance Ltd
22. Lanka ORIX Finance PLC
23. LB Finance PLC
24. MBSL & Finance PLC
25. Melsta Regal Finance Ltd
26. Mercantile Investments and Finance PLC
27. Multi Finance PLC
28. Nation Lanka Finance PLC
29. Orient Finance PLC
30. People's Leasing & Finance PLC
31. People's Merchant Finance PLC
32. Richard Pieris Finance Ltd
33. Sarvodaya Development Finance Co. Ltd
34. Senkadagala Finance PLC
35. Serendib Finance Ltd
36. Singer Finance (Lanka) PLC
37. Sinhaputra Finance PLC
38. Siyapatha Finance Ltd
39. Softlogic Finance PLC
40. Swarnamahal Financial Services PLC
41. T K S Finance Ltd
42. The Finance Co. PLC
43. The Standard Credit Finance Ltd
44. Trade Finance & Investments PLC
45. UB Finance Co. Ltd
46. Vallibel Finance PLC




Licensed Insurance Companies

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



Licensed Stockbrokers

1. Acuity Securities Ltd
2. Acuity Stockbrokers (Pvt) Ltd
3. Asha Phillip Securities Ltd
4. Asia Securities (Pvt) Ltd
5. Assetline Securities (Pvt) Ltd
6. Bartleet Religare Securities (Pvt) Ltd
7. Candor Equities Ltd
8. Capital Alliance Ltd
9. Capital Alliance Securities (Pvt) Ltd
10. Capital Trust Securities (Pvt) Ltd
11. Claridge Stockbrokers (Pvt) Ltd
12. CT CLSA Securities (Pvt) Ltd
13. Enterprise Ceylon Capital (Pvt) Ltd
14. First Capital Equities (Pvt) Ltd
15. First Capital Markets Ltd
16. First Guardian Equities (Pvt) Ltd
17. J B Securities (Pvt) Ltd
18. John Keells Stock Brokers (Pvt) Ltd
19. Lanka Securities (Pvt) Ltd
20. LOLC Securities Ltd
21. Nation Lanka Equities (Pvt) Ltd
22. Natwealth Securities Ltd
23. Navara Securities (Pvt) Ltd
24. NDB Securities (Pvt) Ltd
25. NSB Fund Management Ltd
26. Perpetual Treasuries Ltd
27. Richard Peiris Securities (Pvt) Ltd
28. S C Securities (Pvt) Ltd
29. S M B Securities (Pvt) Ltd

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30. Softlogic Stockbrokers (Pvt) Ltd
 31. Somerville Stock Brokers (Pvt) Ltd
 32. Taprobane Securities (Pvt) Ltd
 33. TKS Securities (Pvt) Ltd
 34. Wealth Trust Securities Ltd

Authorized Money Changing Companies (without branches)

1. A O Lakshmi Jewels (Pvt) Ltd
2. Abdeen Money Changers (Pvt) Ltd
3. Ariyawansa Enterprises (Pvt) Ltd
4. Arrujina Jewellery (Pvt) Ltd
5. Aruna Forexc (Pvt) Ltd
6. Aswin Exchange (Pvt) Ltd
7. Bullion Money Exchange (Pvt) Ltd
8. Capital Exchange (Pvt) Ltd
9. Cash to Cash Money Exchange (Pvt) Ltd
10. City Exchange (Pvt) Ltd
11. City Exchange (Pvt) Ltd – Branch
12. City Money Exchange (Pvt) Ltd
13. Colombo Money Exchange (Pvt) Ltd
14. Crown Money Exchange (Pvt) Ltd – Branch
15. Dadigama Group (Pvt) Ltd
16. Data Exchange International (Pvt) Ltd
17. Daya Authorized Money Changer (Pvt) Ltd
18. Delta Sarath Holdings (Pvt) Ltd
19. Devi Forex (Pvt) Ltd
20. George Michael Holdings (Pvt) Ltd
21. Global Village Exchange (Pvt) Ltd
22. Golden Money Changers (Pvt) Ltd
23. GTV Enterprises (Pvt) Ltd



24. International Exchange (Pvt) Ltd
25. Jewel Lanka Money Exchange (Pvt) Ltd
26. Jewels City (Pvt) Ltd
27. Kamal Enterprises (Pvt) Ltd
28. Keyser Exchange (Pvt) Ltd
29. Kudamadu Money Exchange (Pvt) Ltd
30. M P Money Changer (Pvt) Ltd
31. Majestic Jewellery (Pvt) Ltd
32. Maruthi Money Exchange (Pvt) Ltd
33. Mayurie Money Changers (Pvt) Ltd
34. Metro Forex (Pvt) Ltd
35. Midna Mini Market (Pvt) Ltd
36. Milano Money Exchange (Pvt) Ltd
37. Monte Carlo Exchange (Pvt) Ltd
38. Narmatha Gold Centre (Pvt) Ltd
39. New Natasha (Pvt) Ltd
40. New Regal's Money Changer (Pvt) Ltd
41. Niketh Money Exchange R K (Pvt) Ltd
42. Nilmi Money Exchanging (Pvt) Ltd
43. Pearl Exci (Pvt) Ltd
44. Prasanna Money Exchange (Pvt) Ltd - Branch
45. Prasanna Money Exchange (Pvt)Ltd
46. Pushpa Money Changers (Pvt) Ltd
47. Rafeek's Gems (Pvt) Ltd
48. Ravi Forexae (Pvt) Ltd
49. Red Ruby Jewellers (Pvt) Ltd
50. Rimha Jewellery (Pvt) Ltd
51. Rivindu Enterprises (Pvt) Ltd
52. Royal Money Exchange (Pvt) Ltd
53. Royal Money Exchange (Pvt) Ltd – Branch



54. Royal Money Mart (Pvt) Ltd
55. Salaka Trust Investment (Pvt) Ltd
56. Salaka Trust Investment (Pvt) Ltd – Branch
57. Sharanga Money Exchange (Pvt) Ltd
58. Shifaz Money Exchange (Pvt) Ltd
59. Swiss Money Exchange (Pvt) Ltd
60. Swiss Money Exchange (Pvt) Ltd – Branch
61. Thomas Cook Lanka (Pvt) Ltd
62. Thomas Cook Lanka (Pvt) Ltd - Branch II
63. Thomas Cook Lanka (Pvt) Ltd - Branch III
64. Unic Forex (Pvt) Ltd
65. Vasanthas Int. Money Exchange (Pvt) Ltd
66. Western Money Exchange (Pvt) Ltd
67. Wimal Exchange (Pvt) Ltd
68. Windsor Money Exchange (Pvt) Ltd

Money or Value Transfer Services

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







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