

ANNUAL REPORT 2022

Financial Intelligence Unit of Sri Lanka



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LIST OF ACRONYMS

ADB	-	Asian Development Bank
AML	-	Anti-Money Laundering
APG	-	Asia Pacific Group on Money Laundering
BSD	-	Bank Supervision Department
CBSL	-	Central Bank of Sri Lanka
CDD	-	Customer Due Diligence
CFT	-	Countering the Financing of Terrorism
CID	-	Criminal Investigation Department
CIABOC	-	Commission to Investigate Allegations of Bribery or Corruption
CIDA	-	Construction Industry Development Authority
CO	-	Compliance Officer
CSTFA	-	Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
CTRs	-	Cash Transaction Reports
CTID	-	Counter Terrorism and Investigation Division
DFE	-	Department of Foreign Exchange
DNFBPs	-	Designated Non-Finance Businesses and Professions
DRC	-	Department of Registration of Companies
DSNBFI	-	Department of Supervision of Non-Bank Financial Institutions
EFTs	-	Electronic Fund Transfers
ESW	-	Egmont Secure Web
FATF	-	Financial Action Task Force
FIs	-	Financial Institutions
FIU	-	Financial Intelligence Unit
FIU-Sri Lanka	-	Financial Intelligence Unit of Sri Lanka
FTRA	-	Financial Transactions Reporting Act, No. 6 of 2006
ICs	-	Insurance Companies
IFT	-	International Fund Transfer
IRCSL	-	Insurance Regulatory Commission of Sri Lanka
KYC	-	Know Your Customer
LBs	-	Licensed Banks
LC	-	Largely Compliant
LCBs	-	Licensed Commercial Banks
LEAs	-	Law Enforcement Agencies
LFCs	-	Licensed Finance Companies
LSBs	-	Licensed Specialized Banks
MEC	-	Mutual Evaluation Committee
MER	-	Mutual Evaluation Report
ML	-	Money Laundering
MOU	-	Memorandum of Understanding
MVTS	-	Money or Value Transfer Services
NCC	-	National Coordinating Committee
NGJA	-	National Gem and Jewellery Authority
NGOs	-	Non-Governmental Organizations
NPOs	-	Not-for-Profit Organizations

NRA	-	National Risk Assessment
PC	-	Partially Compliant
PEPs	-	Politically Exposed Persons
PMLA	-	Prevention of Money Laundering Act, No. 5 of 2006
PNB	-	Police Narcotic Bureau
RAs	-	Regulatory Authorities
RAPs	-	Rapid Action to Prevent Scams
RDs	-	Restricted Dealers (formerly Authorized Money Changers)
RIs	-	Reporting Institutions
RTI	-	Right to Information
SBs	-	Stock Brokers
SEC	-	Securities and Exchange Commission of Sri Lanka
STRs	-	Suspicious Transaction Reports
TCSPs	-	Trusts and Company Service Providers
TF	-	Terrorist Financing
TFS	-	Targeted Financial Sanctions
UNODC	-	United Nations Office on Drugs and Crime
UNSCRs	-	United Nations Security Council Resolutions
VAs	-	Virtual Assets
VASPs	-	Virtual Asset Service Providers

YEAR 2022 AT A GLANCE...



SL was in the Final Stages of its 2nd National ML/TF Risk Assessment



FIU - Sri Lanka was selected as the South Asia Sub-regional representative of the APG Governance Committee



FIU commenced live operations of the goAML System and enabled reporting from RIs



Conducted 2 National Coordination Committee meetings



7.6 mn CTs and 10.8 mn EFTs reported to 'LankaFIN'. Out of those, 1.75 mn CTs, 3.4 mn EFTs, and 0.1 mn IFTs were reported to 'goAML' during parallel reporting



25 onsite examinations on FIs



22 Joint Supervisions



9 Warning Letters



22 spot examinations



17 onsite examinations on DNFs



1,481 STRs and 500 LEA Information Requests



Updated notifications sent on the UN Security Council Sanctions lists pursuant to UNSCR 1373, 1267, 1718, 2231 and subsequent Resolutions



Penalties on 6 FIs totaling to Rs. 11.75 mn

Issued
4 Circulars
5 Press Notices



Conducted
25 Awareness Programmes
Over 2,700 Participants

NATIONAL COORDINATING COMMITTEE CHAIRMAN'S MESSAGE



I am pleased to present the Annual Report of the Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka) for the year 2022. The year 2022 was a challenging year for the Sri Lankan financial sector and to the Institutions supervised by the FIU-Sri Lanka. Amidst the challenges, it is encouraging to note that the FIU-Sri Lanka has discharged its legal mandates in collecting, analyzing, and dissemination of financial intelligence and carried out its other obligations in ensuring the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) framework.

As per the legal mandate, FIU-Sri Lanka continued as the focal point for strengthening AML/CFT regime of Sri Lanka, increasing interagency coordination, and assisting in Money Laundering/Terrorist Financing (ML/TF) investigation by sharing analyzed reports on financial intelligences. FIU-Sri Lanka played a coordinating role when carrying out the ML/TF National Risk Assessment (NRA) with many stakeholder agencies. The NRA will be available as a guide to the stakeholders, as well as it would provide the public with a clear understanding of the ML/TF risks faced by Sri Lanka. The FIU-Sri Lanka has also taken measures to engage the public in awareness building and outreach with the aim of mitigating ML /TF risks. I am also glad to note that the FIU-Sri Lanka has engaged the policymakers to explore possibilities to increase supervisory/regulatory exposure in the real estate sector. The Designated Non-Finance Businesses and Professions (DNFBPs) sector of the country was hard hit by the COVID-19 pandemic period where the sectors are still at various stages of recovery.

FIU-Sri Lanka has played an active role in increasing its stakeholder institutional support enabling ML and TF investigations in the country. The staff of the FIU-Sri Lanka has taken part in active discussions on legal amendments and external committees where its opinions were sought to support the general and specific governance framework of the country. In time to come, I envisage much work to be carried out by the staff and Director of FIU-Sri Lanka to ensure Sri Lanka stays an active participant in the international sphere and in the

domestic framework to combat money laundering and to counter financing of terrorism. I wish FIU-Sri Lanka every success in their future endeavours.

Dr. P Nandalal Weerasinghe

Governor of the Central Bank of Sri Lanka

Chairman of the AML/CFT National Coordinating Committee

FINANCIAL INTELLIGENCE UNIT

DIRECTOR'S MESSAGE

The FIU-Sri Lanka continued its operations to strengthen the AML/CFT regime of the country in terms of the statutory provisions of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), and in line with international standards amidst the crisis prevailed in the country during 2022.

The key priority of the FIU-Sri Lanka in 2022 was to complete the NRA of Sri Lanka to update country's understanding on current ML/TF risks and prioritize resources accordingly. This exercise was initiated during the year 2021, with the technical assistance received from the World Bank. Despite numerous external challenges experienced including the economic crisis, this national endeavor was concluded successfully in March 2023. The FIU expects to publish the sanitized version of the outcome of the NRA soon. The National AML/CFT Policy will be updated in line with the new NRA outcome.

With the objective of improving the effectiveness of the AML/CFT regime of the country in compliance with international AML/CFT standards, various actions were initiated by FIU-Sri Lanka during 2022, to bring in legislative amendments to the legal framework on AML/CFT. We look forward to finalizing these amendments during the year 2023.

Meanwhile, FIU-Sri Lanka continued to perform its core function to serve as the national agency that receives and analyses suspicious transaction reports and other information relevant to ML/TF and disseminating such analyses to Law Enforcement Agencies and/or Supervisory Authorities for further investigations. During 2022, 1,481 Suspicious Transaction Reports were received from Reporting Institutions and general public while 500 information requests were received from Law Enforcement Agencies and Regulatory Authorities. In addition, FIU-Sri Lanka also received 7.6 mn Cash Transactions and 10.8 mn Electronic Fund Transfers through the 'LankaFin' system as per the statutory requirement of reporting the details of transactions of the value over LKR 1 mn which were conducted

by Financial Institutions with their customers. During the year, the FIU-Sri Lanka was able to successfully implement the 'goAML' system, which is the transaction reporting platform introduced to Reporting Institutions in 2021. It has been launched in several stages, and currently all licensed banks report Suspicious Transaction Reports and required threshold reports through 'goAML' system. In addition, FIU- Sri Lanka also carried out several risk-based onsite examinations, follow-up examinations and spot examinations on Financial Institutions and DNFBPs, including joint examinations with sector specific regulators with the aim to ensure institutional compliance.

During the year, FIU-Sri Lanka was selected to represent the South Asia Sub-regional Group of the Governance Committee of Asia Pacific Group on ML, a regional body established under the global policy setter on ML/TF, the Financial Action Task Force (FATF).

FIU- Sri Lanka always ensures that its staff continue to enhance their expertise and skills on AML/CFT through various physical and online capacity building programmes. Three of our officers contributed their expertise as country assessors to Mutual Evaluations conducted by the Asia Pacific Group on ML on Lao PDR, Nepal and Brunei Darussalam.

Ensuring effective coordination between stakeholder agencies is vital in maintaining an effective AML/CFT regime in the country. Hence, FIU-Sri Lanka continued to maintain inter-agency coordination and cooperation with all its stakeholders. During 2022, two meetings of the AML/CFT National Coordinating Committee were held, to gain policy directions on AML/CFT matters.

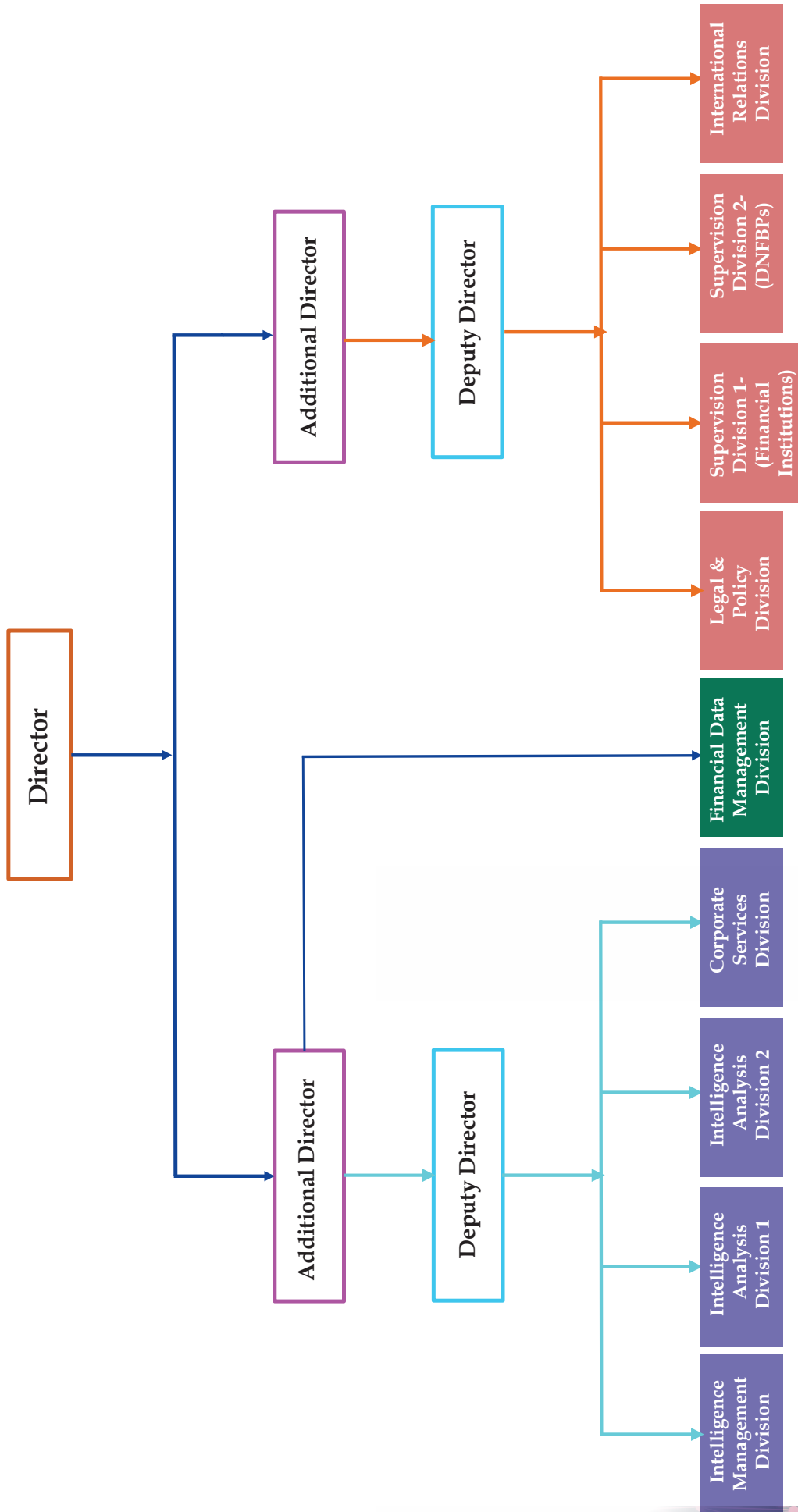
FIU- Sri Lanka hopes to deliver its objectives in strengthening the AML/CFT framework of the country whilst maintaining the high standards instilled within this agency and contribute towards the betterment of Sri Lanka.

E H Mohotty

Director

Financial Intelligence Unit of Sri Lanka

FUNCTIONAL ORGANIZATIONAL CHART OF THE FIU-SRI LANKA



VISION, MISSION, AND STRATEGIC GOALS

VISION

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

MISSION

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

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

Enhance AML/CFT Awareness and Communication

STRATEGIC GOALS

Facilitate the prevention, detection, investigation and prosecution of the offences of ML/TF and implement an effective intelligence management framework

Ensure knowledge sharing and smooth operations of the FIU

Strengthen the AML/CFT supervisory framework of FIs and DNFBPs

1.1 Introduction

The Intelligence Management Division (IMD) of the Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka) undertakes the following key activities under the core function of intelligence management.

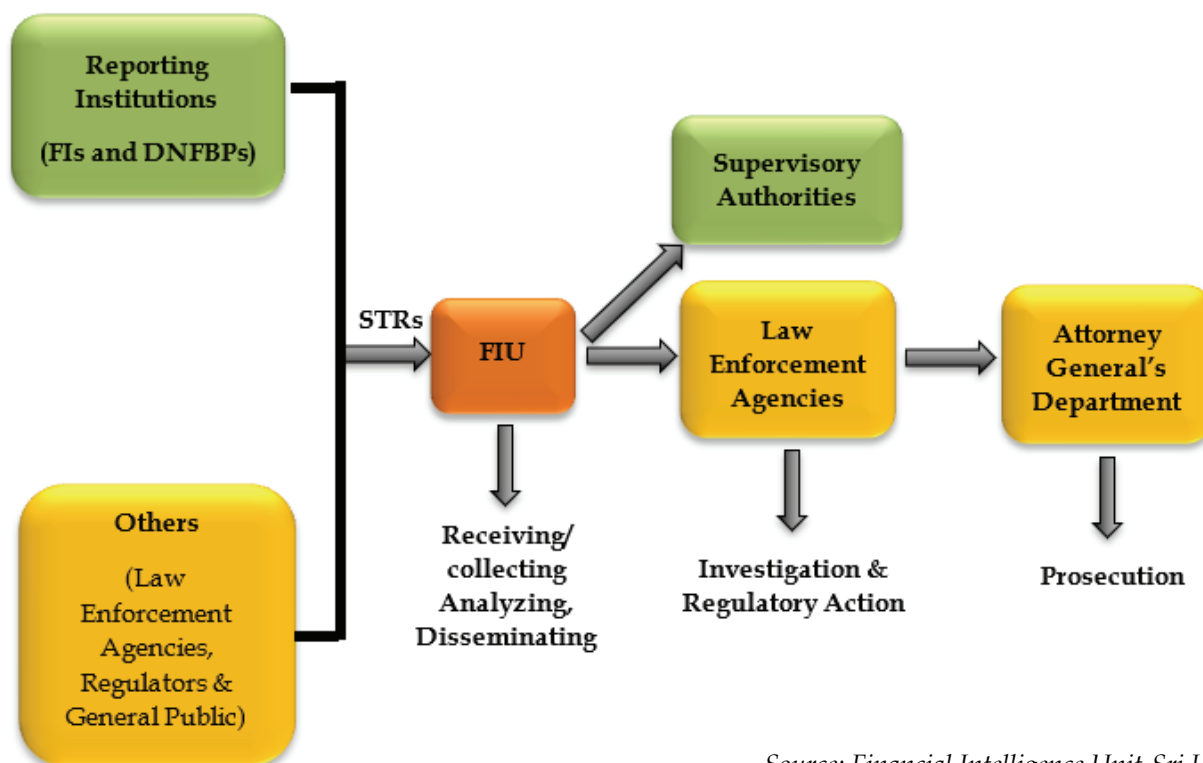
Table 1.1
Key Activities and Sub Activities relevant to Management of Intelligence

Key Activity	Sub Activities
Receiving Suspicious Transaction Reports (STRs) / Collecting Data and Information	<ul style="list-style-type: none"> • Receiving STRs made by Reporting Institutions (RIs) relating to ML/TF suspicions • Receiving Intelligence reports and information provided by the public relating to suspicions of ML/TF • Receiving STRs from Law Enforcement Agencies (LEAs), Intelligence Agencies (IAs) and Regulatory Authorities (RAs) under the requirement of collecting financial information for their ML/TF related investigations, inquiries or analysis • Facilitating information requests made by LEAs and RAs • Facilitating information requests by foreign counterparts through Egmont Secure Web (ESW)
Analysing STRs, referring for further investigations and other actions taken on STRs	<ul style="list-style-type: none"> • Analysing STRs • Referring/disseminating STRs to LEAs • Disseminating information on STRs with relevant RAs

1.2 Receiving STRs and Collecting Data/Information

FIU- Sri Lanka mainly receives STRs made by RIs and public relating to suspicions of ML/TF. In addition, it receives STRs from LEAs, IAs and RAs under the requirement of collecting financial information for their ML/TF related investigations, inquiries or analysis. Figure 1.1 below shows the intelligence management process of the FIU-Sri Lanka.

Figure 1.1
Intelligence Management Process of the FIU-Sri Lanka



Source: Financial Intelligence Unit-Sri Lanka

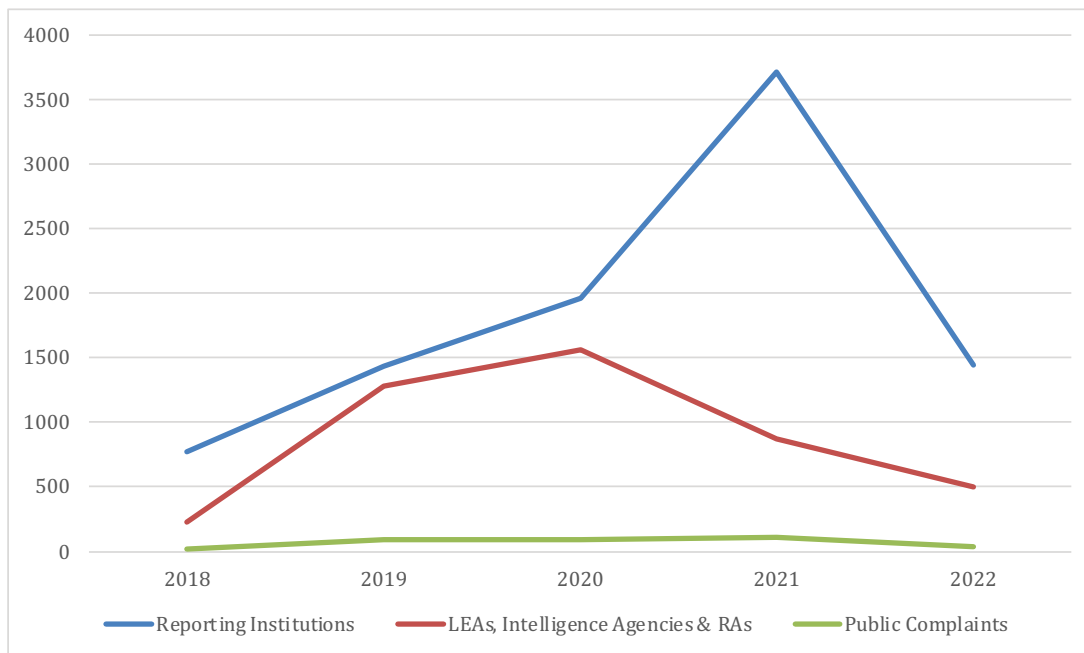
Below table 1.2 shows the number of STRs received under those two requirements.

Table 1.2
STRs Reported and Information Requests made by Stakeholders
during 2018-2022

	Category	2018	2019	2020	2021	2022
STRs received from RIs & Public	RIs	775	1,434	1,963	3,713	1,444
	Public Complaints	20	89	93	112	37
STRs based on information requested by Stakeholders	LEAs, IAs & RAs	227	1,281	1,561	871	500
	Total	1,022	2,804	3,617	4,696	1,981

Source: Financial Intelligence Unit-Sri Lanka

Figure 1.2
STRs reported and Information Requests made by Stakeholders during 2018-2022



Source: Financial Intelligence Unit-Sri Lanka

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

STRs were earlier reported to FIU-Sri Lanka mainly through the LankaFIN system. With the commencement of reporting to the 'goAML' live system with effect from February 2022, the STRs reported by the RIs and STRs reported based on the information requests from the LEAs, IAs and RAs were segregated. Accordingly, in the year 2022, the total number of STRs reported through the 'goAML' system was 1,481 and number of information requests received from LEAs, IAs and RAs was 500.

There was a 61% reduction of STRs reported by RIs and a 43% reduction in information requests made by LEAs during 2022, compared to the previous year. Furthermore, the number of public complaints was reduced in 2022 to 37 from 112 in the previous year which is a reduction of 67%. The reduction in STRs during the year 2022 is due to various reasons as listed below.

- The trend identified in STR reporting pertaining to overseas ATM withdrawals during 2021 has been drastically reduced during the year 2022 with the lifting of import restrictions by the government.
- The introduction of a new method to report financial related scams to the FIU-Sri Lanka which is named as RAPS (Rapid Action to Prevent Scams) led to reduce the number of scam related STRs compared to the previous year.

- An excessive number of transactions related to informal money transfer channels such as Hawala/Undiyal were reported by the RIs during the period of COVID-19 later became less popular due to the measures taken by the government to increase foreign remittances through the formal banking channel.

- Composition of Received STRs during 2018 - 2022

The Table 1.3 below depicts the composition of STRs based on its main suspicion. In 2022, the FIU- Sri Lanka formed two separate divisions to deeply analyse ML and TF related STRs separately where necessary. Accordingly, all the STRs are first received by the IMD and then assigned to the particular Intelligence Analysis Division (IAD) if a deep analysis is required after a basic analysis.

Table 1.3

	2018	2019	2020	2021	2022
No. of STRs on TF suspicions	116	969	591	117	97
No. of STRs on ML suspicions	906	1,835	3,026	3,708	1,384
Total	1,022	2,804	3,617	3,825	1,481

Source: Financial Intelligence Unit-Sri Lanka

Composition of STRs Reported during 2018-2022

- Categorisation of STRs Received during 2022

The below figures depict different categorisation of the STRs received during the year 2022.

Figure 1.3

No. of STRs Reported by the Type of RIs

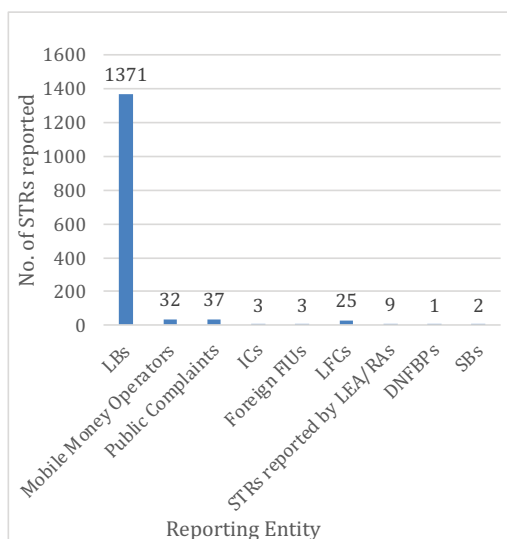


Figure 1.4

No. of STRs Reported by Product Type

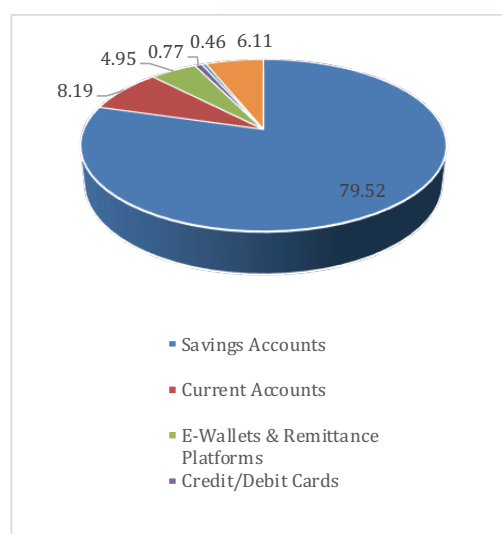


Figure 1.5

No. of STRs Reported by Customer Type

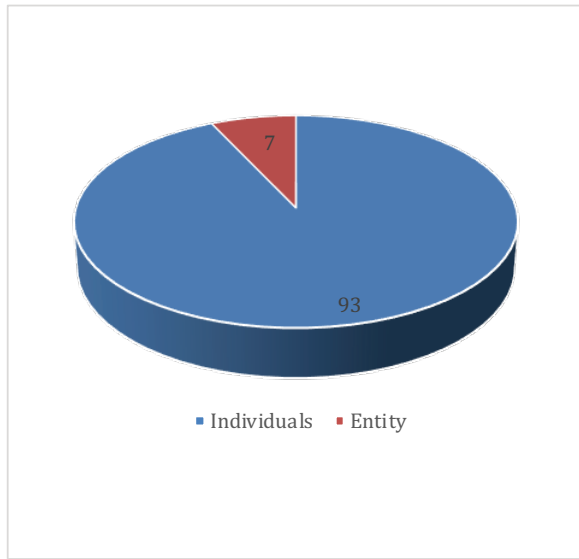
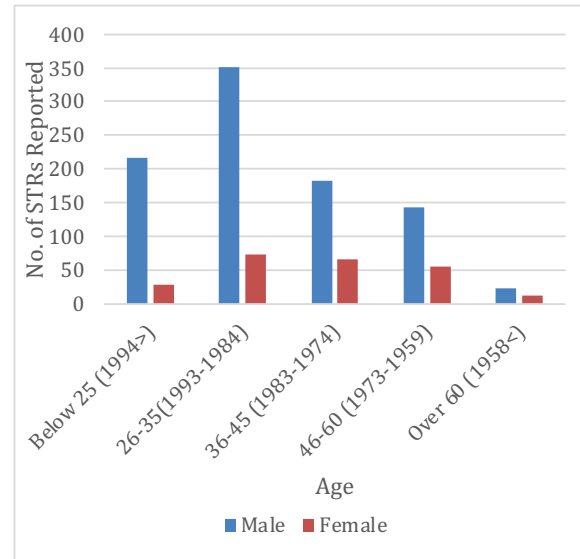


Figure 1.6

No. of STRs Reported by Age and Gender



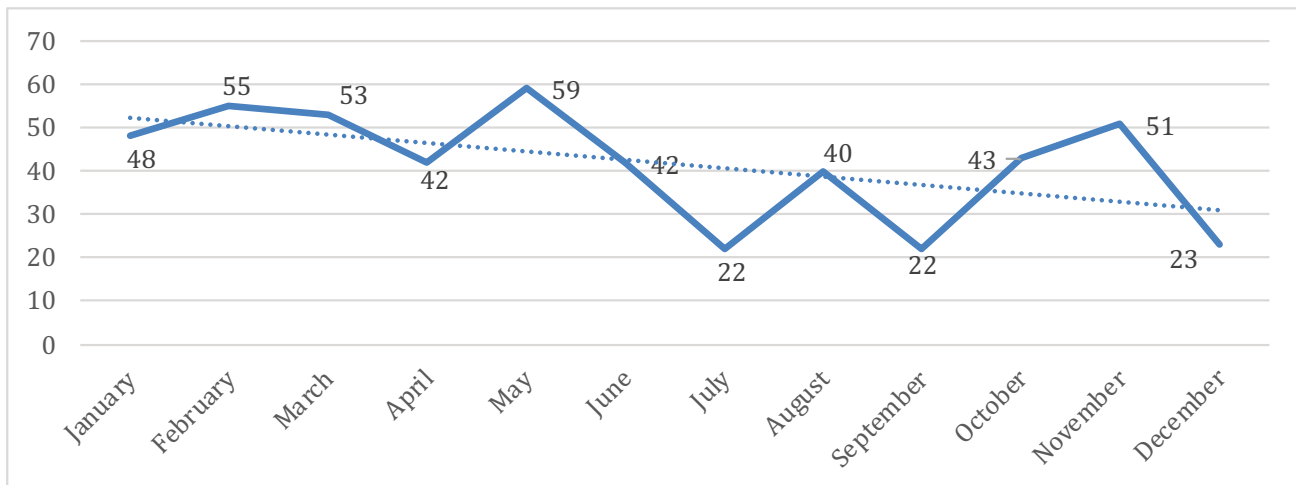
Source: Financial Intelligence Unit-Sri Lanka

- Facilitating Information Requests made by LEAs

FIU processes information requests received from LEAs and RAs using available data at FIU databases, or collecting information as required from FIs. The total number of information requests received from LEAs for the year 2022 is 500. The following figure shows the number of information requests received from LEAs each month during 2022.

Figure 1.7

No. of Information Requests Received from LEAs

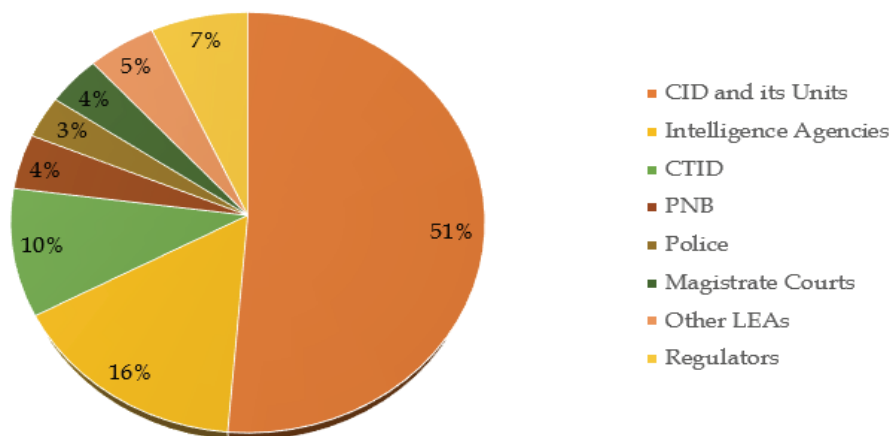


Source: Financial Intelligence Unit-Sri Lanka

Information requests received from LEAs/RAs during 2022 by institution type is depicted by the below figure.

Figure 1.8

Information Requests Received from LEAs/RAs – by Institution Type



Source: Financial Intelligence Unit-Sri Lanka

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

1.3 Analysing STRs and Actions Taken

- Referring / Disseminating STRs to LEAs and RAs

Once an STR is reported to FIU-Sri Lanka, it is preliminary analyzed under its intelligence management process by the IMD and a decision is taken after presenting to a committee called Daily STR Prioritizing Committee (DSPM) and actions are taken either to refer it to a LEA for further investigations or keep the same under surveillance till further updates are received from the particular RI or any other related party. Also, some STRs are disseminated to relevant RAs for their attention and suitable actions. Below Table 1.4 depicts the statistics for the year 2022.

Table 1.4
Referring / Disseminating of STRs during 2018-2022

	2018	2019	2020	2021	2022
LEAs	256	1,465	2,800	1,081	473*
RAs	61	9	80	92	76*

Source: Financial Intelligence Unit-Sri Lanka

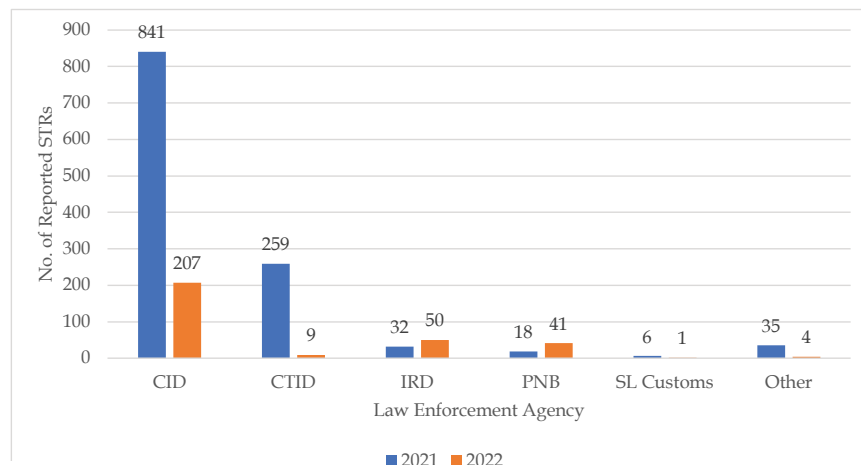
*figures updated as at 15.08.2023

- Referring STRs to LEAs during 2021-2022

The following table depicts the number of STRs referred to different sections of the SL Police and other LEAs during 2021 and 2022.

Figure 1.9

STRs Referred to LEAs



Source: Financial Intelligence Unit-Sri Lanka

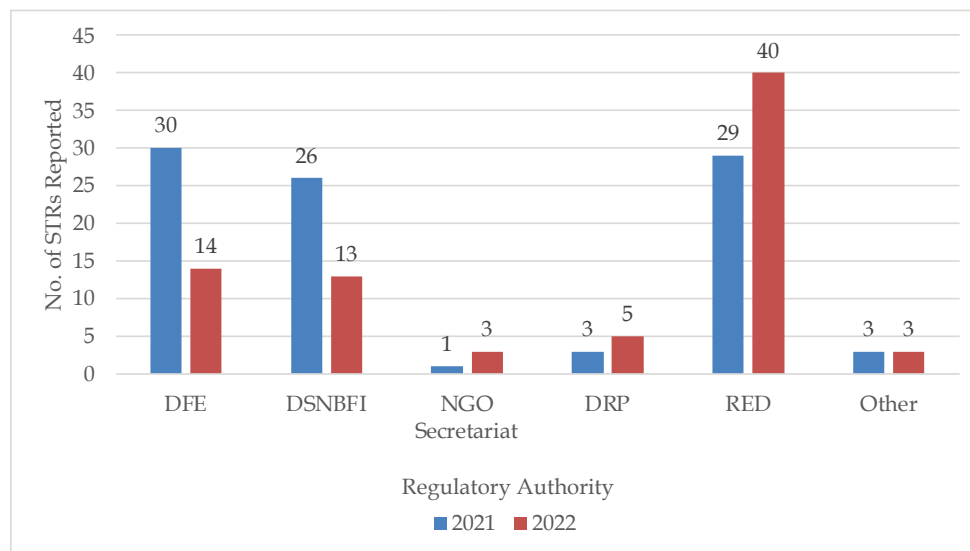
IRD - Inland Revenue Department

- Dissemination of STRs to RAs during 2021-2022

The following figure shows dissemination of information reported through STRs with related RAs in 2021 and 2022.

Figure 1.10

Comparison of STRs Disseminated to RAs



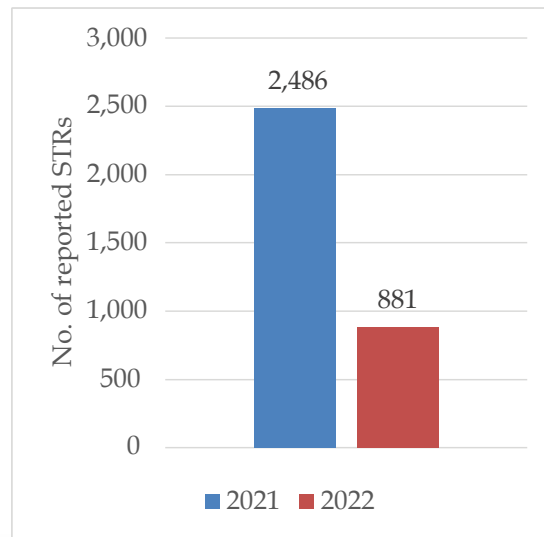
Source: Financial Intelligence Unit-Sri Lanka

DFE - Department of Foreign Exchange, DSNBFI - Department of Supervision of Non-Bank Financial Institutions, DRP - Department of Registration of Persons, RED - Resolution and Enforcement Department

- **Keeping STRs Under Surveillance during 2021-2022**

Below are the statistics of STRs decided to keep under surveillance in 2021 and 2022. In this procedure, the RI is instructed to update the STR if there are any updated activities or suspicion is triggered.

Figure 1.11
Comparison of STRs kept Under Surveillance



Source: Financial Intelligence Unit-Sri Lanka

2.1 Introduction

During the year 2022, the FIU-Sri Lanka continued to share information with relevant Competent Authorities and RAs while engaging in other forms of cooperation with domestic stakeholders. Two meetings of the AML/CFT National Coordinating Committee (NCC) were conducted during the year to get policy directions relating to AML/CFT matters. The FIU-Sri Lanka also continued to assist several stakeholders on legislative amendments aiming at strengthening AML/CFT framework of Sri Lanka as well as on implementing United Nations Security Council Resolutions (UNSCRs).

On the international front, during the year 2022, the FIU-Sri Lanka continued to share information with counterpart FIUs for intelligence purposes. The FIU-Sri Lanka negotiated to enter into Memoranda of Understanding (MOUs) with the FIUs of the Kingdom of Lesotho, Timor-Leste and Uganda, and those MOUs were at the finalization stage by the end of 2022. In July 2022, the FIU - Sri Lanka was selected as the South Asia Sub-regional representative of the Asia Pacific Group on Money Laundering (APG) Governance Committee for a one-year period. Further, the FIU-Sri Lanka actively coordinated with the APG, Egmont Group and the Financial Action Task Force (FATF) throughout the year. During 2022, three officers of the FIU-Sri Lanka involved as assessors and external reviewers for Mutual Evaluations of Lao PDR, Brunei Darusalam and Nepal.

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

Table 2.1

Key Activities and Sub Activities relevant to Domestic and International Cooperation

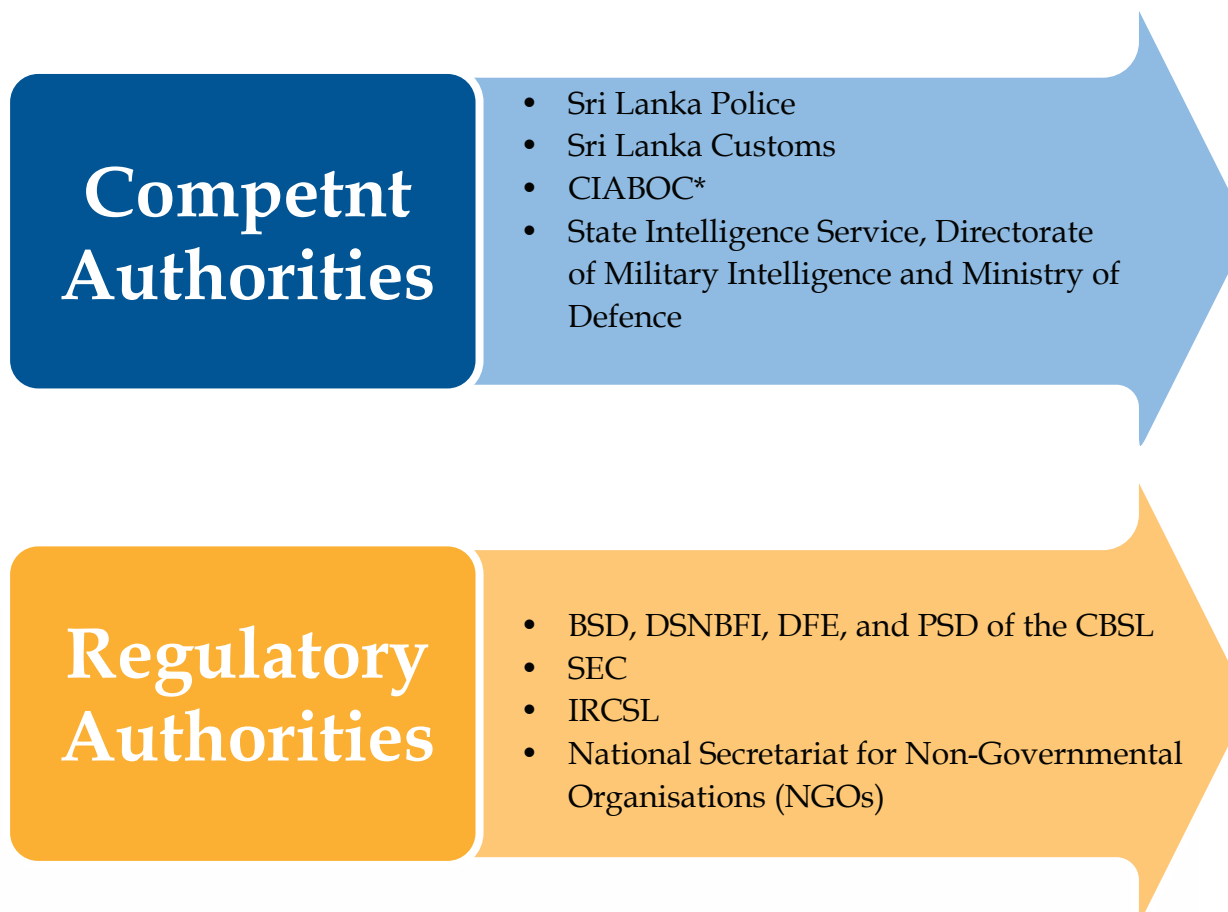
Key Activities	Sub Activities
Domestic Cooperation	Sharing information with Competent Authorities and RAs
	Signing MOUs with Domestic Agencies
	Other Forms of Domestic Cooperation
	Attending Right to Information Requests
International Cooperation	Exchanging of Information with Counterpart FIUs
	Signing MOUs with Counterpart FIUs
	Other forms of International Cooperation
	Facilitating the upgrading of Sri Lanka's Technical Compliance to FATF Recommendations

2.2 Domestic Cooperation

2.2.1 Competent Authorities and Regulatory Authorities

Figure 2.1

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



Source: Financial Intelligence Unit-Sri Lanka

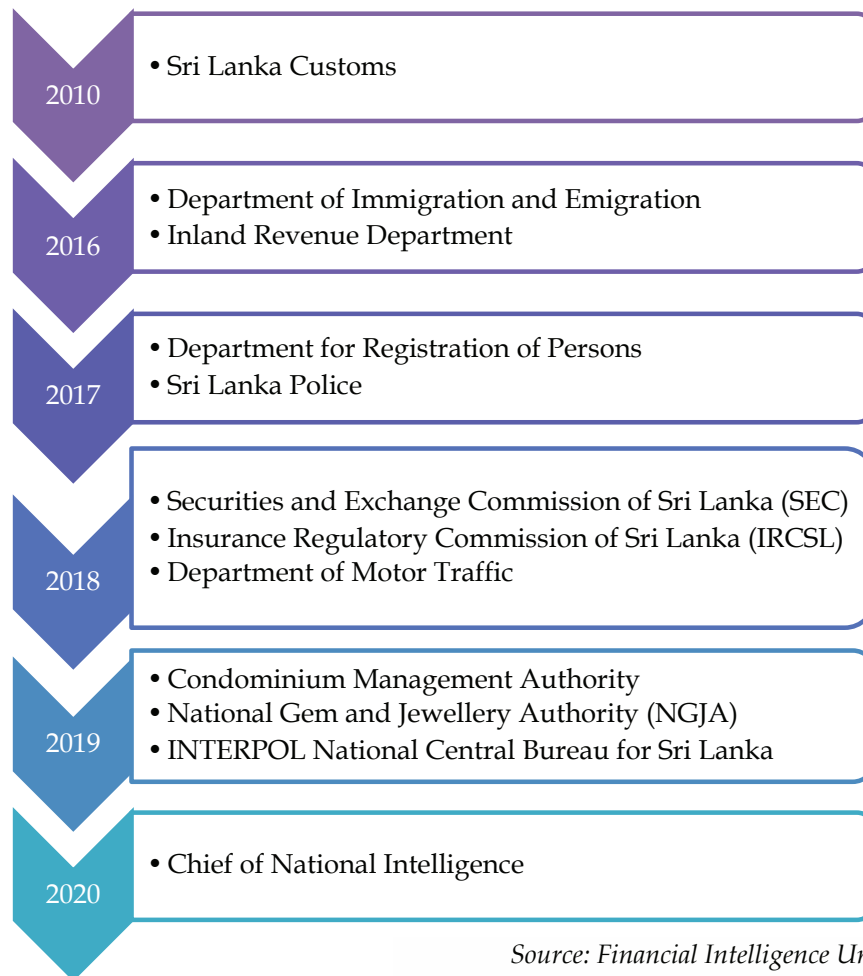
*CIABOC - Commission to Investigate Allegations of Bribery or Corruption

Please refer section 1.3 , 'Referring/Disseminating STRs to LEAs and RAs' in chapter 01 of the Report for statistics on dissemination of information to LEAs and RAs, respectively, during 2022.

2.2.2 MOUs with Domestic Agencies

Figure 2.2

MOUs with Domestic Agencies as at December 31, 2022

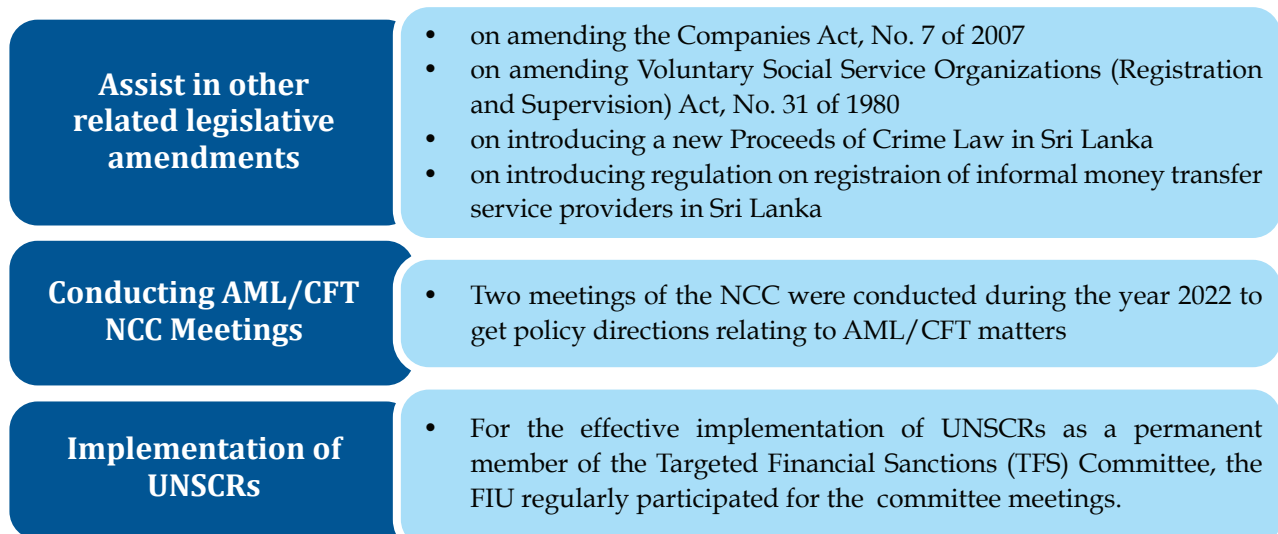


Source: Financial Intelligence Unit-Sri Lanka

2.2.3 Other Forms of Domestic Cooperation

Figure 2.3

Other Forms of Domestic Cooperation during 2022



Source: Financial Intelligence Unit-Sri Lanka

2.2.4 Right to Information Requests

The FIU-Sri Lanka is a separate public authority for the purposes of the Right to Information Act, No. 12 of 2016 (RTI Act). Please refer the Table 2.2 for statistics on dissemination of information pertaining to requests made under the RTI Act during 2022.

Table 2.2

Dissemination of Information in relation to Requests Made under the RTI Act - 2022

Total number of information requests received by FIU-Sri Lanka	13
Total number of information requests received, for which information was provided	09
Total number of information requests received, where provision of information was rejected	00
Total number of information requests received, which have been forwarded to other public authorities (Part of information was provided for 01 RTI request)	04

Source: Financial Intelligence Unit-Sri Lanka

2.3 International Cooperation

2.3.1 Exchange of Information with Counterpart FIUs through Egmont Group during 2018-2022

Table 2.3

Sharing of Information with Foreign Counterpart FIUs during 2018-2022

	2018	2019	2020	2021	2022
Requests Received	24	40	15	19	27
Requests Made	70	58	35	49	35

Source: Financial Intelligence Unit-Sri Lanka

2.3.2 MOUs with Counterpart FIUs

Figure 2.4

MOUs Signed with Foreign Counterpart FIUs as at December 31, 2022

2008 - 2009	2010 - 2011	2012 - 2013	2014 - 2016	2017 - 2022
Malaysia Afghanistan Republic of Korea Indonesia Nepal Philippines Cambodia	India Australia Belgium Solomon Island Bangladesh South Africa Fiji Canada Slovenia	United States of America Mongolia Russia Saudi Arabia Japan Lebanon Costa Rica Denmark	Albania Peru Myanmar Kyrgyz Republic Panama Ukraine Israel Singapore	Thailand Bhutan China Trinidad & Tobago Qatar Papua New Guinea Maldives

Source: Financial Intelligence Unit-Sri Lanka

2.3.3 Other Forms of International Cooperation

Figure 2.5
Other Forms of International Cooperation during 2022

<p>APG :</p> <ul style="list-style-type: none"> • The 25th APG Annual Meeting was held in Kuala Lumpur, Malaysia in July 2022 as a hybrid plenary. The officers of the FIU-Sri Lanka participated in the meeting virtually. • The FIU-Sri Lanka participated in several virtual Mutual Evaluation Committee (MEC) meetings held during the year, mainly to discuss the members' Mutual Evaluation Reports (MERs) and Follow-Up Reports. • The 7th Follow Up Report of Sri Lanka was endorsed at the virtual MEC held in July 2022, where Sri Lanka has not requested for upgrades to any Recommendation. • In July 2022, the FIU-Sri Lanka was selected as the South Asia Sub-regional representative of the APG Governance Committee for a one-year period.
<p>FATF :</p> <p>The FATF Plenaries for the year 2022 were held in March, June and October 2022.</p>
<p>Technical Assistance :</p> <ul style="list-style-type: none"> • A webinar series was co-hosted by Asian Development Bank's (ADB) Trade and Supply Chain Finance (ADB - TSCF) and the Asia Wolfsburg Group in 2022, covering Trade-Based Money Laundering for FIs, LEAs and the FIU-Sri Lanka. • The ADB-TSCF, in collaboration with the FIU-Sri Lanka, conducted a workshop for FIs in conducting ML/TF Risk Assessment on December 1 - 2, 2022.
<p>Other :</p> <ul style="list-style-type: none"> • During 2022, three officers of the FIU-Sri Lanka involved as assessors and external reviewers for Mutual Evaluations of Lao PDR, Brunei Darussalam and Nepal.

Source: Financial Intelligence Unit-Sri Lanka

2.3.4 Update of Country Technical Compliance Level for FATF 40 Recommendations as at December 31, 2022

Table 2.4
Current Level of Sri Lanka's Technical Compliance Ratings for FATF 40 Recommendations (as at December 31, 2022)

Level of Compliance	At the MER Adoption in July 2015	After Re-rating in 2016	After Re-rating in 2018	After Re-rating in 2019	After Re-rating in 2020	After Re-rating in 2021/22
Compliant (C)	5	5	6	7	7	7
Largely Compliant (LC)	7	16	21	24	24	25
Partially Compliant (PC)	16	13	8	7	8	7
Non-Compliant (NC)	12	6	5	2	1	1
	40	40	40	40	40	40

Source: Financial Intelligence Unit-Sri Lanka

BOX ARTICLE - 1

Responsibilities of Other Financial Institutions (OFIs) in reducing ML/TF Vulnerabilities of the Other Financial Institutions Sector

ML/TF threats and vulnerabilities existing at national and sectoral level together determine the ML/TF risk in a jurisdiction. Vulnerabilities refer to weaknesses or gaps in a jurisdiction's defenses against ML/TF (World Bank, 2015). When considering ML/TF vulnerabilities of OFI sector, it is consisted with inherent vulnerability for the sector and quality of AML/CFT controls of the sector. Accordingly, in reducing ML/TF vulnerability, OFIs may strengthen their AML/CFT controls and few of the following aspects will provide a brief guidance in this regard.

An effective suspicious activity monitoring and reporting may help to identify potential ML/TF operations and to control suspicious activities. In order to assist this process, having a system for record keeping, monitoring and STR reporting is critical to an OFI. Such a system should facilitate the monitoring of transactions and comparisons with the customers' profiles, by assisting the staff of OFIs to identify and record all complex, unusual large transactions. OFIs should also note that the transactional records should be maintained in the format that can help AML/CFT screening and monitoring. Further, staff of OFIs should have a good understanding of the scope of their reporting obligations regarding suspicious transactions and activities. OFIs should consider this as critical, as the AML/CFT regulator, FIU-Sri Lanka may impose penalties for non-compliances.

For an effective compliance function, internal compliance programs should be available which commensurate to the level of risk within the OFIs. When appointing a Compliance Officer (CO) to manage the compliance program, OFIs should ensure that he/she is sufficiently resourced, independent and in a senior management level. Management of an OFI should identify capabilities of CO (such as AML/CFT skills and expertise) and should not blindly appoint a CO to comply with the requirement. Further, a mechanism to take disciplinary actions against the staff members in cases of breaches of the compliance policy is also important for the effectiveness of the function.

OFIs should provide AML/CFT training to the employees as they are the main protectors who defend the OFIs from ML/TF. In this case, OFIs can consider the three lines of defense structure. The first line of defense is responsible for identifying, assessing and controlling the risks as they are the ones who implement policies and procedures in place within the OFIs. The second line of defense will oversee the entire compliance function of the OFIs while third line of defense will independently evaluate the risk management and controls of the OFIs by periodic audits. OFIs should decide frequency, level and types of trainings tailoring to the employees' responsibilities. Those trainings should equip the staff with the knowledge

mainly on AML/CFT laws and regulations of the country (if an OFI conducts business with clients in other jurisdictions, knowledge should be expanded to the AML/CFT laws of that jurisdiction), identifying red flags and suspicious activities, legal consequences of AML/CFT compliance breaches, emerging ML/TF trends and issues applicable to OFIs sector.

OFIs may strengthen their AML/CFT controls by constructing an AML compliance program. Bank Secrecy Act of 1970¹ of USA has identified five pillars of AML compliance namely, designating a CO, developing internal policies, creating a training program for employees, ensuring independent testing and auditing, and deploying risk-based procedures for conducting customer due diligence to verify customer identity and conduct ongoing monitoring to identify and report suspicious transactions.

As lower level of ML/TF vulnerability among OFIs not only creates an effective AML/CFT regime of the firm, for the sector and to the country, but also increases integrity and stability in the financial markets, OFIs should consider this as highly important aspect in overcoming economic crisis prevailing in the country.

References

- i. World Bank (2015), Introduction to the national risk assessment tool, World Bank Group, Finance and Markets.
- ii. World Bank (2015), National Risk Assessment Guidance Manual, Module 6, Vulnerability of Other Financial Institutions, World Bank Group, Finance and Markets.

1. The Bank Secrecy Act (BSA) is a law that requires financial institutions in United States to collaborate with its government in cases of suspected ML and fraud.

3.1 Introduction

The key activities carried out by FIU-Sri Lanka relevant to institutional compliance are indicated in Table 3.1 below.

Table 3.1
Activities Carried Out on Institutional Compliance

Key Activities	Sub Activities
Supervision of FIs	Conducting ML/TF Risk Assessment Conducting AML/CFT Examinations Taking Supervisory Actions Conducting Thematic Reviews
Supervision of DNFBPs	Conducting Thematic Reviews Performing Offsite ML/TF Risk Assessment Conducting Onsite Examinations Other Measures to Strengthen AML/CFT Regime of DNFBPs

3.2 Supervision of FIs

The FIU-Sri Lanka was able to successfully implement its onsite examination plan for the year 2022 compared to the previous year (which was interrupted due to COVID-19 pandemic) and 25 onsite examinations and 22 spot examinations were conducted during the year. Out of 25 onsite examinations, 16 examinations were conducted jointly with BSD. The FIU-Sri Lanka initiated conducting onsite examinations on Primary Dealers and conducted 2 onsite examinations jointly with DSNBFI in 2022. Also, the FIU-Sri Lanka conducted joint examinations with SEC and IRCSL covering 1 licensed SB and 3 licensed ICs in 2022. Further, the FIU-Sri Lanka conducted 4 thematic reviews and 65 ML/TF offsite risk assessments during the year 2022.

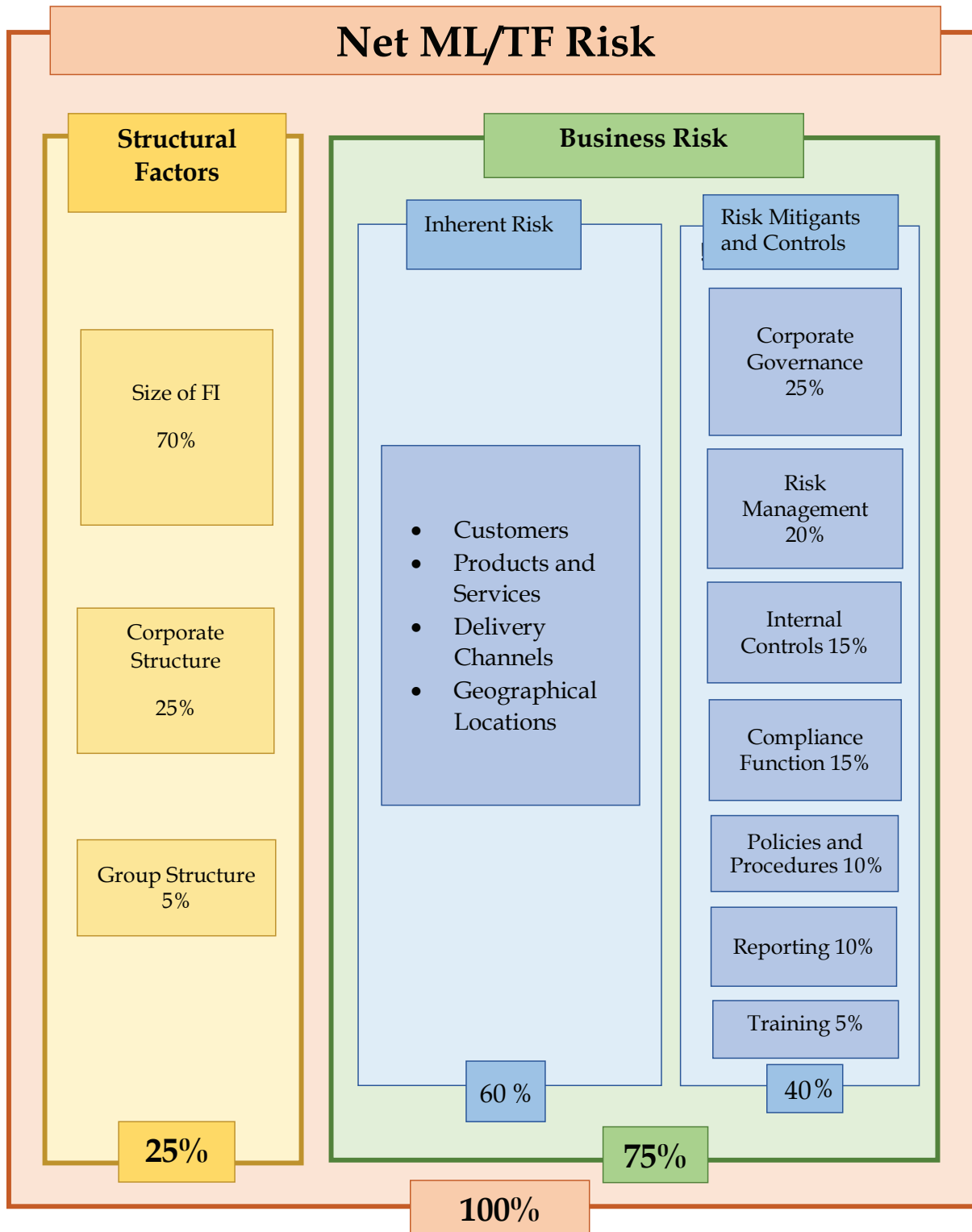
Onsite examinations were conducted covering most of reporting institutions comes under the purview of the FIU-Sri Lanka, during 2022.

3.2.1 ML/TF Risk Assessment

a. Composition of the Risk Tool

Figure 3.1

The Composition of the Risk Tool: Risk Factors and Weightage



Source: Financial Intelligence Unit-Sri Lanka

b. ML/TF Risk Assessment Conducted in 2022

Table 3.2
Number of ML/TF Risk Assessments Conducted during 2018-2022

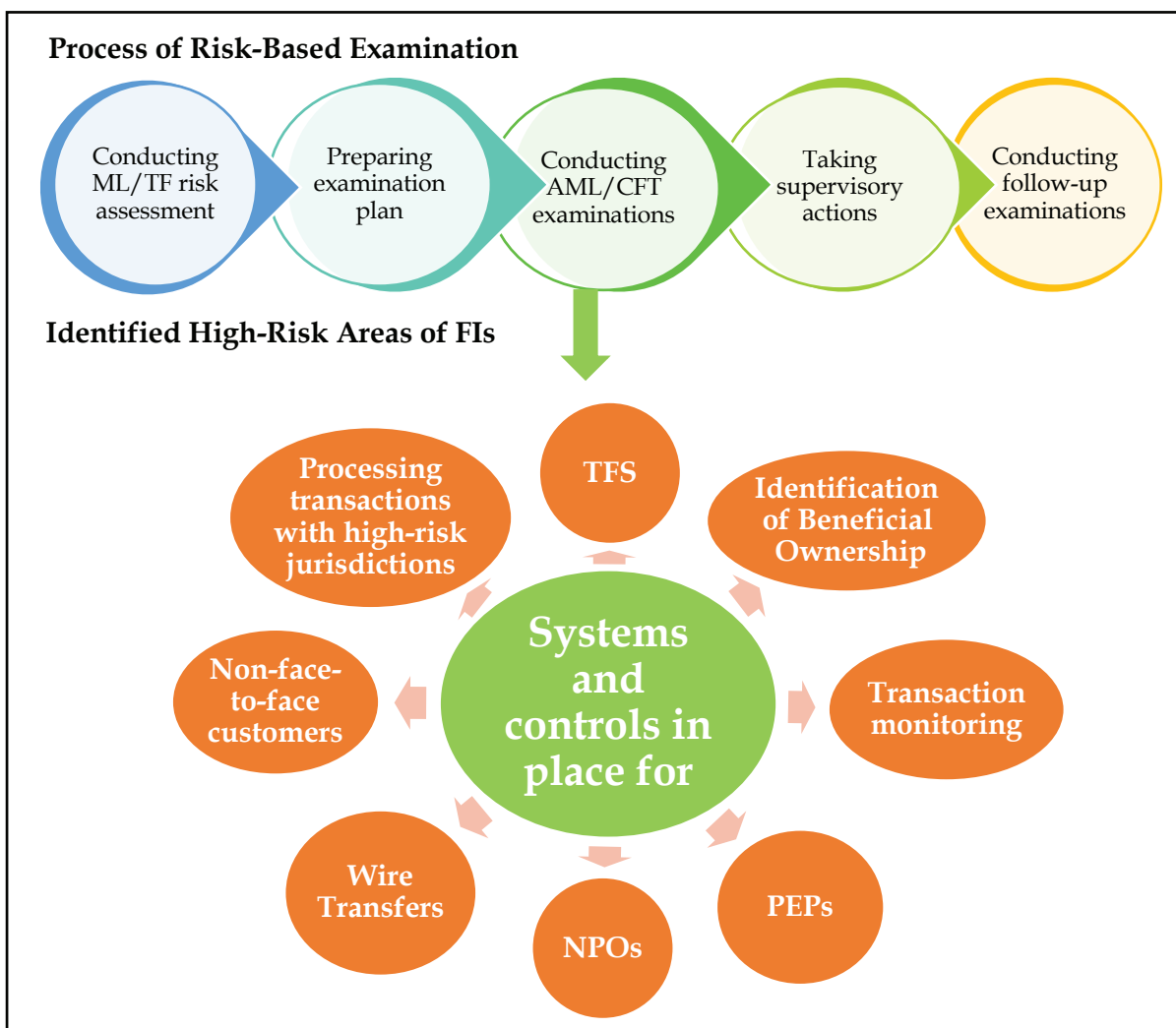
Year	No. of ML/TF Risk Assessments
2018	75
2019	70
2020	69
2021	66
2022	65

Source: Financial Intelligence Unit-Sri Lanka

3.2.2 AML/CFT Examinations

a. Risk-Based Onsite Examinations Process

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



Source: Financial Intelligence Unit-Sri Lanka

b. Onsite Examinations Conducted during 2018-2022

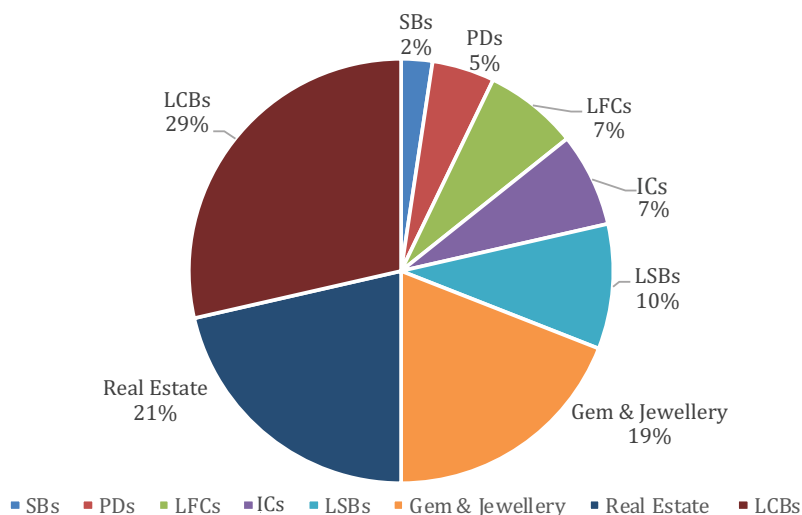
Table 3.3
Number of Risk-Based Onsite Examinations Conducted during 2018-2022

Type of FI	2018	2019	2020	2021	2022
LCBs	13	13	01	01	12
LSBs	02	03	-	-	4
LFCs	04	11	06	-	3
MVTS Providers	-	01	-	01	-
PDs	-	-	-	-	2
SBs	01	04	02	03	1
ICs	01	03	02	-	3
Total	21	35	11	05	25

Source: Financial Intelligence Unit-Sri Lanka

The number of onsite examinations conducted including spot examinations have increased significantly compared to the previous year, as the previous year examination plan was interrupted by the restrictions imposed during COVID-19 pandemic.

Figure 3.3
Number of Onsite Examinations Conducted during 2022 on RI Type



Source: Financial Intelligence Unit-Sri Lanka

c. Follow-Up Examinations Conducted during 2018-2022

Table 3.4
Number of Follow-up Examinations Conducted during 2019 - 2022

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

Source: Financial Intelligence Unit-Sri Lanka

No follow-up examinations were conducted in 2022, since the resources were fully utilized to implement the examination plan of 2022 as examination plan of 2021 was interrupted by the restrictions imposed due to COVID-19 pandemic.

d. Spot Examinations Conducted during 2020-2022

Table 3.5
Number of Spot Examinations Conducted during 2020 - 2022

Type of FI	2020	2021	2022
LCBs	10	02	18
LSBs	01	-	02
LFCs	04	05	02
MVTS Providers	01	-	-
Total	16	07	22

Source: Financial Intelligence Unit-Sri Lanka

The spot examinations were conducted mainly focusing on the information received through STRs and public complaints. During the year, 13 onsite and 9 offsite spot examinations were conducted covering LCBs, LSBs and LFCs.

e. Joint Examinations Conducted during 2018-2022

Table 3.6
Joint Supervisions with Regulators during 2018 - 2022

Joint Supervision with	2018	2019	2020	2021	2022
BSD	14	17	-	04	16
SNBFI	04	-	-	-	02
SEC	01	05	02	-	01
IRCSL	01	03	02	03	03
Total	20	25	04	07	22

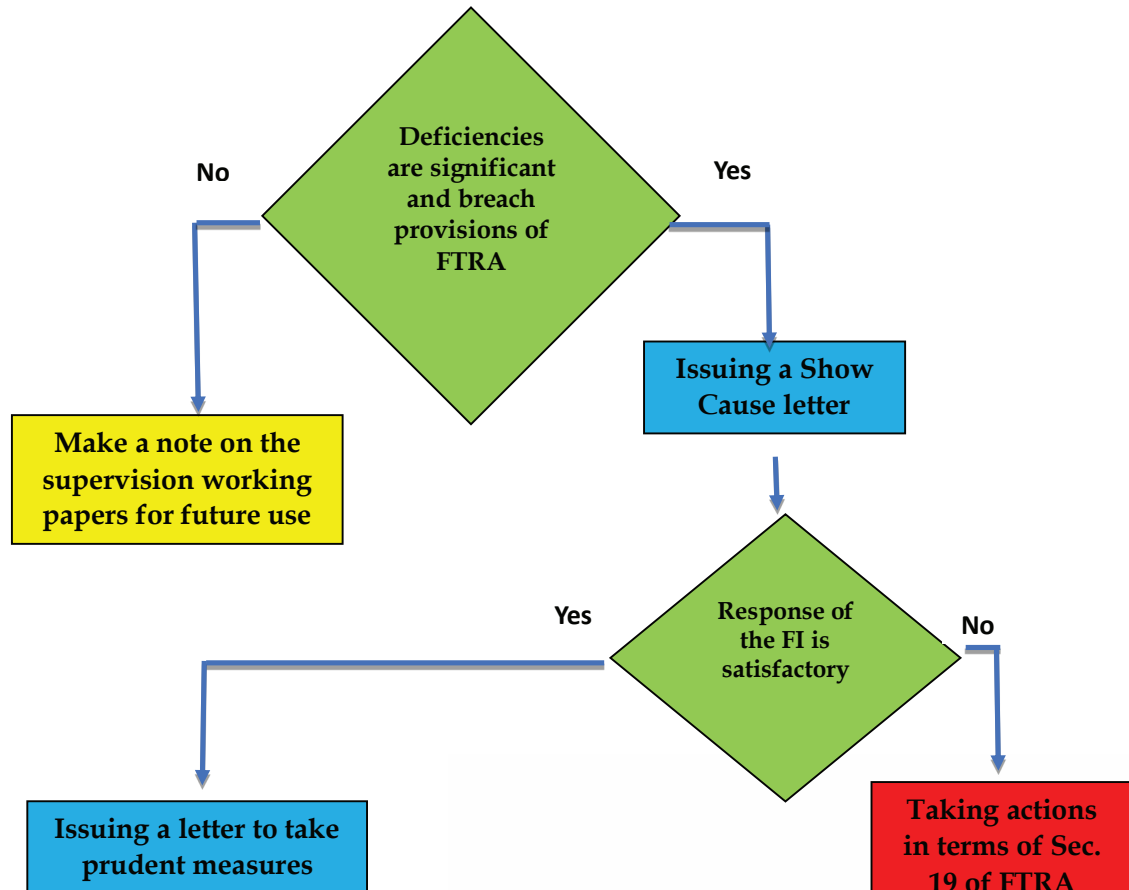
Source: Financial Intelligence Unit-Sri Lanka

Almost all risk-based onsite examinations were conducted during 2022 jointly with the supervisor of the respective sector.

3.3.3 Supervisory Actions Taken on FIs

a. Supervisory Actions Procedure

Figure 3.4
Action-Taking on Findings of Examinations



Source: Financial Intelligence Unit-Sri Lanka

Table 3.7
Regulatory Actions Taken by FIU-Sri Lanka on FIs during 2018-2022

Actions Taken	2018	2019	2020	2021	2022
Warning Letters	15	29	17	05	08
Follow-up Warning Letters	-	03	04	01	01*
Show Cause Letters	07	07	08	05	08
Penalties Imposed	06	03	05	07	06

Source: Financial Intelligence Unit-Sri Lanka

* The follow-up warning letter was issued in 2022 based on the off-site follow-up examination commenced in 2021.

Table 3.8
Details of Financial Penalties Imposed by FIU-Sri Lanka during 2018 - 2022

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

	LCB	Section 9 (1) of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rule for FIs	2,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rule for FIs	4,000,000.00
2022	LSB	Rule 95 of the CDD Rule for FIs	750,000.00
	LCB	Rule 95 of the CDD Rule for FIs	3,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rule for FIs	1,000,000.00
	Total		11,750,000.00

Source: Financial Intelligence Unit-Sri Lanka

b. Conducting Follow-up Meetings with FIs

Table 3.9
Number of Follow-up Meetings had with FIs during 2018 - 2022

Type of FI	2018	2019	2020	2021	2022
LCBs	01	05	-	03	03
LSBs	-	01	-	-	-
LFCs	-	01	-	-	-
Total	01	07	-	03	03

Source: Financial Intelligence Unit-Sri Lanka

3.3.4 Thematic Reviews Conducted during 2020- 2022

Table 3.10
Thematic Reviews Conducted during 2020 – 2022

Year	Area of the Thematic Review	Type of FIs Covered
2020	Screening, monitoring of customer transactions and Enhanced Due Diligence of Politically Exposed Persons (PEPs)	LFCs
	Identification of Virtual Asset Service Providers (VASPs) in Sri Lanka	LCBs, LSBs, LFCs
	Off-line Debit Card transactions	Selected Banks
2021	Details of branches, procedures on identification & reporting of suspicious transactions of local branches open for serving customers outside normal working days / normal operating hours and details of ATM/ Cash Recycle Machines/ Cash Deposit Machines	LCBs, LSBs, LFCs
	Screening, monitoring of customer transactions and Enhanced Due Diligence of PEPs	LCBs, LSBs
	Database Integration with AML/CFT System and Digital Online Platforms of LBs and LFCs	LCBs, LSBs, LFCs
	Responsibilities of Board of Directors of LBs and LFCs towards AML/CFT	LCBs, LSBs, LFCs
	ATM withdrawals	Selected Banks
2022	Questionnaire for Thematic Review on Red Flag Indicators of Informal Money or Value Transfer Services of LBs	LCBs, LSBs
	ML/TF Risk Assessment Questionnaire to MVTS Providers	MVTS Providers
	Questionnaire for Thematic Review on PEPs and Ultimate Beneficial Owners for LBs and LFCs	LCBs, LSBs, LFCs
	Thematic Review on Cash Recycle Machines/ Cash Deposit Machines Transactions	LCBs, LSBs

Source: Financial Intelligence Unit-Sri Lanka

3.3 Supervision of DNFBPs

During 2022, the FIU-Sri Lanka conducted 17 onsite examinations for the DNFBP sector including 08 examinations for gem and jewellery dealers and 09 examinations to the real estate agents. A thematic review was carried out for the casino sector in May 2022, and the annual offsite ML/TF Risk Assessment was conducted during November and December 2022. In addition, several other measures as detailed in this chapter have been initiated by the FIU-Sri Lanka to strengthen the AML/CFT regime for DNFBPs.

Risk-Based Supervision of DNFBPs

3.3.1 Offsite Thematic Review Questionnaires on DNFBPs during 2022

An offsite thematic review was conducted only for the casinos sector during May 2022 focusing on online gaming and operations during the COVID-19 period.

3.3.2 Summary of Offsite ML/TF Risk Assessment Conducted for DNFBPs – 2022

Table 3.11

Risk Categorization for DNFBPs based on Offsite ML/TF Risk Assessment of 2022

Risk Score/ Percentage	Risk Categorization	DNFBP Sector				
		Casinos	Gem & Jewellery	Real Estate	Accountants and TCSPs*	Lawyers and Notaries
Above 70%	High	-	-	01	-	-
Inclusive of 50% - 70%	Medium	-	22	18	01	03
Below 50%	Low	02	13	09	-	-
Total		02	35	28	01	03

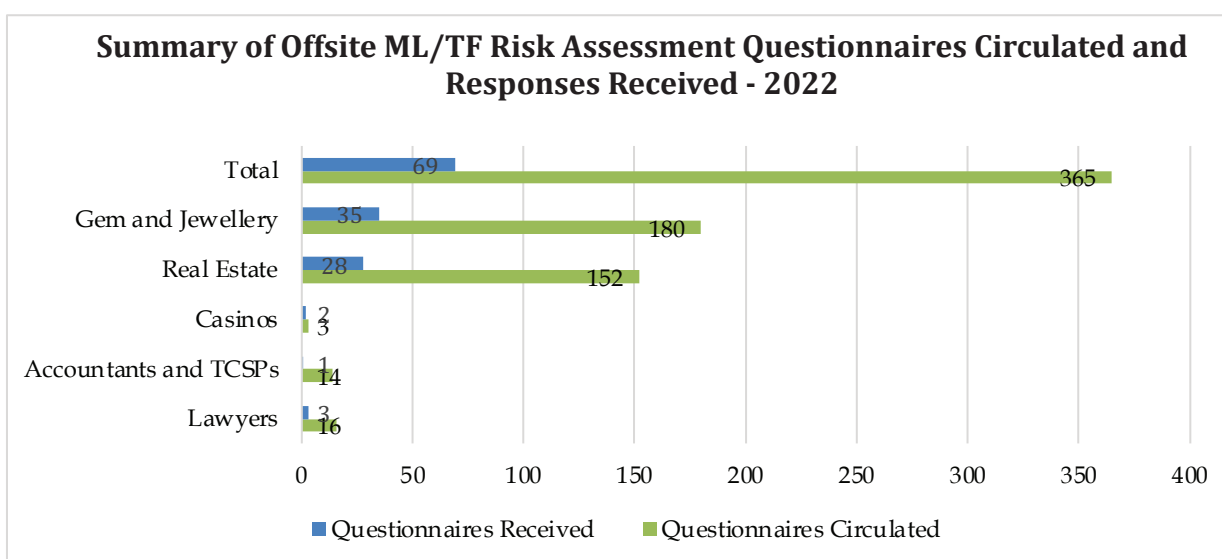
Source: Financial Intelligence Unit-Sri Lanka

*TCSPs means Trusts and Company Service Providers

The above table depicts the risk categorization for DNFBPs based on the offsite ML/TF risk assessment conducted for the year 2022. Accordingly, only one real estate agent has been rated in the high-risk category whereas most DNFBPs were in the medium risk range as indicated. The onsite supervision plan for 2023 was prepared based on the risk levels depicted above.

Figure 3.5

Responses Summary of Offsite ML/TF Risk Assessment Questionnaires Circulated and Received during 2022

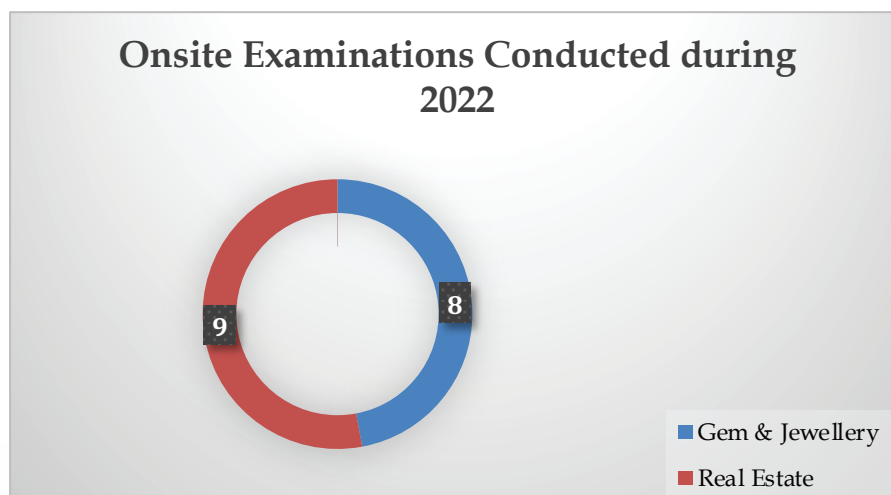


Source: Financial Intelligence Unit-Sri Lanka

The number of questionnaires circulated, and the number of responses received are illustrated in the figure 3.5 above. The number of responses were significantly low despite several reminders, extension of the deadline and follow-up calls to the Institutions. This was mainly due to the stagnation in the economic condition of the country which has been adversely affected the operations of both real estate and gem and jewellery sectors.

3.3.3 Conducting Onsite Examinations

Figure 3.6
Summary of Onsite Examinations Conducted during 2022



Source: Financial Intelligence Unit-Sri Lanka

The number of onsite examinations conducted during the year 2022 has been described in figure 3.6 above. Number of onsite examinations conducted by the FIU-Sri Lanka for the DNFBP sector during 2019 to 2022 period are depicted in the Table 3.12 below.

Table 3.12
Number of Onsite Examinations Conducted during 2019-2022

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

Source: Financial Intelligence Unit-Sri Lanka

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

**No examinations were conducted as planned due to the COVID-19 pandemic situation prevailed in the country. Instead, 02 offsite thematic review assessments were conducted during 2021 to ensure the DNFBPs' compliance with AML/CFT obligations.

3.3.4 Other Measures to Strengthen AML/CFT Regime of DNFBPs

Table 3.13

Other Measures Initiated during 2022 to Strengthen the AML/CFT Regime of DNFBPs

Introducing a Regulatory Environment for the Real Estate Sector	<ul style="list-style-type: none"> • The FIU-Sri Lanka developed a concept paper on introducing a regulatory environment for the real estate sector in line with the international and national standards on AML/CFT. • The paper was submitted to relevant stakeholders including Construction Industry Development Authority (CIDA), which has been identified as a suitable regulatory authority for the real estate sector. • CIDA, informed the progress of the activities initiated to implement the above concept paper and the FIU-Sri Lanka works collaboratively with CIDA and the Ministry of Urban Development and Housing to expedite the process of introducing a regulatory environment for the real estate sector.
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Appointment of COs

Table 3.13.1 Number of DNFBPs Registered with FIU-Sri Lanka as of December 31, 2022

Sector	Number of DNFBPs
Casino	3
Real Estate	168
Gem and Jewellery	191
Lawyers & Notaries	16
Accountants & TCSPs	14
Total	392

Coordinating with Sector Regulatory Bodies

- The officials of the FIU-Sri Lanka held continuous dialogue with the officials of the following regulatory bodies in reaching out to the relevant DNFBP sectors, identifying new Institutions, and introducing AML/CFT measures.
 - CIDA
 - NGJA
 - Department of Registration of Companies (DRC)
 - Institute of Chartered Accountants of Sri Lanka

Market Awareness and Capacity Building for DNFBPs

- The FIU-Sri Lanka conducted 03 awareness sessions during the year 2022 as given below.
 - Awareness session for officials of DRC on AML/CFT regime in Sri Lanka - February 2022
 - Awareness Session on “AML/CFT Developments relating to Real Estate Business and Construction Sector” - September 2022
 - Awareness Session on “Obligation to Comply with AML/CFT requirements for Strengthening Economic Development of the Country” - October 2022
-

Source: Financial Intelligence Unit-Sri Lanka

4.1 Introduction

During 2022, officials of the FIU-Sri Lanka participated in 22 international training opportunities and 10 local training opportunities. Most of the international opportunities were offered by the APG, while CBS offered the majority of the local training opportunities for the FIU-Sri Lanka officials.

4.2 International Training Opportunities during 2022

Table 4.1

International Training Programmes/Workshops/Events Attended by Officers of FIU - Sri Lanka during 2022

Month	Training Programmes/Seminar/Workshop/Conference/ Meetings	Institution	
01	January	Be a Better Influencer (Virtual Programme)	PWC
02	March	Webinar on AML/CFT Sanctions and Crypto Assets	SEACEN Centre
03	April	Webinar Series on Trade-Based Money Laundering (TBML)	ADB
04		Webinar on ECOFEL Financial Investigative Techniques	ECOFEL-Egmont
05	May	Webinar on Implementation of the FATF Standards Relating to Virtual Assets (VA) and VASPs - Frameworks and Preventive Measures	APG
06	June	Webinar on Way Forward in AML/CFT Regulation and Supervision of DNFBPs	APG
07		Webinar on Consolidated Supervision	Federal Reserve Bank of New York
08	July	Webinar on Typologies Roundtable - Tax Crimes (via videoconference)	APG
09		Webinar on Typologies Roundtable - Illegal Fishing	APG
10	August	Assessor Training Programme (Virtual)	APG
11	September	Underground Economy Conference 2022	European Union / Team Cymru
12		International Webinar on Virtual Assets Supervision and Investigation	MENA FATF

13		Onsite Visit of the APG Mutual Evaluation on Lao PDR	APG
14		Webinar on the Central Bank Compliance Forum	Federal Reserve Bank of New York
15		TBML related STR Reporting - Face to Face Meeting	ADB
16		International Webinar on Virtual Assets Supervision and Investigation	Egmont
17	October	Webinar on Cross Border Payments and Digital Currencies	Bank of Indonesia
18	November	Implementing the Requirements of UN Proliferation-related Sanctions on the DPRK	U.S Department of State Export Council and Related Broder Security (EXBS)
19		Mutual Evaluation of Brunei Darussalam	APG
20		Webinar on Implementation of the FATF Standards for VAs/VASPs - Risk-Based Supervision & Enforcement (Session 4)	APG
21	December	Countering Terrorist Financing Webinar - an FIU Perspective	APG
22		Workshop on AML/CFT Risk Assessment for FIs (held in Sri Lanka)	ADB

Source: Financial Intelligence Unit-Sri Lanka

4.3 Local Training Opportunities during 2022

Table 4.2

Local Training Programmes / Workshops / Events Attended by Officers of FIU-Sri Lanka during 2022

	Month	Training Programme /Seminar/ Workshop / Conference	Institution
01	February	Research in Economics	CBS
02	March	MS Excel-Intermediate Course	CBS
03	June	Payment and Settlement Systems: Operational and Legal Aspects	CBS
04	July	Foreign Exchange Regulations for FIs	CBS
05		Public Debt Management and Debt Sustainability	CBS
06	September	Applied Econometrics: Practical Approach using E-views Software	CBS
07		Art of Writing Research Papers	CBS
08	October	Emerging Trends in Fraud Mitigation of EFTs	CBS
09		Dissecting the Inland Revenue Amendment Bill 2022 (Income Tax)	Condominium Management Authority
10	December	Awakening the Speaker in You	CBS

Source: Financial Intelligence Unit-Sri Lanka

5.1 Introduction

The FIU-Sri Lanka continued to exercise its awareness campaign as same as previous years with the objective of facilitating and coordinating the prevention of ML/TF in the country. Amid the significant resources of the FIU-Sri Lanka were allocated to conduct the National Risk Assessment on ML/TF, the FIU-Sri Lanka conducted 25 successful awareness programmes in 2022 with the participation of 2,708 individuals representing RIs, LEAs and other stakeholders to enhance the effectiveness of the AML/CFT regime in the country. Further, as a step to accomplish the social responsibility, the FIU-Sri Lanka used printed and electronic media to publish press releases in main three languages to enhance public awareness on rapidly increased scams in recent times.

5.2 Seminars and Workshops Organized by the FIU-Sri Lanka during 2022

Table 5.1

Awareness Programmes Organized by the FIU-Sri Lanka in 2022

	Date	Programme	Stakeholder	Venue/Mode
01	20.01.2022	Awareness on AML/CFT	CO of ICs	Virtual
02	22.01.2022	FTRA, Prevention of Money Laundering Act, No. 5 of 2006 (PMLA) and Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 (CSTFA)	Sri Lanka Police	Virtual
03	24.01.2022	Training on Best Practices for Bank Tellers	FIs	CBS, Rajagiriya
04	27.01.2022	Commencement of STR Reporting in goAML LIVE Environment on February 01, 2022	All RIs	Virtual
05	28.01.2022	FTRA, PMLA & CSTFA	Sri Lanka Police	Virtual
06	08.02.2022-09.02.2022	Awareness Session for the Officials of DRC on "ML/TF Risk, AML/CFT Framework of the Country and the Role of FIU"	DRC	DRC
07	10.02.2022	Introduction to ML/TF and Sri Lankan Legal Framework and CDD Rule	COs of Stockbrokers/Advisers	Virtual

08	23.02.2022	FTRA, PMLA and CSTFA	Sri Lanka Police	Virtual
09	28.02.2022	First Session of the AML Webinar Organized by Sri Lanka Institute of Internal Auditors	Sri Lanka Institute of Internal Auditors	Virtual
10	29.03.2022	FTRA, PMLA and CSTFA	Sri Lanka Police	Virtual
11	23.04.2022	Awareness on Crypto Currency	CID Officers	CBS, Rajagiriya
12	07.06.2022	AML/CFT Compliance for FIs	FIs	Virtual
13	30.06.2022	Programme on "International Trade Finance"	FIs	Virtual
14	09.08.2022	AML/CFT Compliance for FIs	FIs	Virtual
15	01.09.2022	AML/CFT Awareness Programme for Police - North Western Province	Sri Lanka Police	Kurunegala Police Randeni Hall
16	02.09.2022	AML/CFT Awareness Programme for Police - North Central Province	Sri Lanka Police	Anuradhapura Regional Office
17	30.09.2022	AML/CFT Developments Relating to Real Estate Business and Construction Sector	Members of Real Estate Sector	CBS, Rajagiriya
18	17.10.2022	Awareness Programme on "Obligation to Comply with AML/CFT Requirements for Strengthening Economic Development of the Country"- Gem and Jewellery Sector	COs of Gem & Jewellery Sector	CBS, Rajagiriya
19	18.10.2022	Know Your Customer (KYC) Regulations and its Importance	NDB	CBS, Rajagiriya
20	03.11.2022	goAML XML Reporting Refresher Session	All Non-Bank FIs	Virtual
21	30.11.2022	High-Level Web Conference for Board of Directors and Senior Management of LBs, LFCs and MVTs Providers	Board of Directors and Senior Management of LBs, LFCs and MVTs Providers	Virtual
22	01.12.2022	AML/CFT Risk Assessment Training for FIs	LBs and Regulators (BSD)	CBS, Rajagiriya
23	02.12.2022	AML/CFT Risk Assessment Training for FIs	LFCs, MVTs, ICs and Regulators (SNBFI, PSD, IRC SL)	CBS, Rajagiriya
24	02.12.2022	GoAML Process on STR XML Reporting	Banks	Central Bank of Sri Lanka (CBSL)
25	15.12.2022	AML/CFT Compliance for FIs	FIs	CBS, Rajagiriya

Source: Financial Intelligence Unit-Sri Lanka

5.3 Depth and Breadth of Awareness Programmes Conducted during 2016-2022

Table 5.2
Depth and Breadth of Awareness Programmes Conducted by the FIU-Sri Lanka during 2016-2022

Year	Number of Awareness Programmes	Number of Participants	Districts Covered
2016	30	1,630	Colombo, Matara, Matale, Kurunegala, Galle, Jaffna
2017	35	2,624	Colombo, Batticaloa, Trincomalee, Matara, Anuradhapura, Nuwara Eliya
2018	61	3,412	Colombo, Trincomalee, Matale, Anuradhapura, Matara
2019	55	3,688	Anuradhapura, Batticaloa, Colombo, Jaffna, Killinochchi
2020	27	1,978	Colombo, Galle, Matara and island-wide coverage with online programmes
2021	65	Over 5,000	Island-wide coverage with online programmes
2022	25	2,708	Colombo, Kurunegala, Anuradhapura and Island-wide coverage with online programmes

Source: Financial Intelligence Unit-Sri Lanka

5.4 Awareness through Print and Electronic Media

Table 5.3
Press Releases Published during 2022

Date	Press Release
10.12.2022	Public awareness in relation to defrauding individuals through scam calls, text messages, email messages and social media networks (in Sinhala, Tamil, and English languages)

Source: Financial Intelligence Unit-Sri Lanka

6.1 Introduction

The FIU-Sri Lanka commenced operations on reporting to the goAML Live System by RIs parallelly to the LankaFIN system in several phases w.e.f. February 2022, as given below:

Table 6.1
goAML Live Reporting Implementation Phases

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

Source: Financial Intelligence Unit-Sri Lanka

Prior to above, Call for Information Response (CFIR) reporting for goAML Live System had already commenced for all RIs in August 2021. During the early stages of goAML reporting by all RIs, there were many data quality issues. Accordingly, the FIU-Sri Lanka developed mechanisms throughout the year 2022 to filter and validate goAML reports, and continuously provided feedback to RIs on their goAML reporting issues. As a result, the quality of goAML reporting by majority of RIs improved towards the end of the year. However, there are still considerable amount of data quality issues (specially in Non-Bank RIs) which require constant monitoring for improvements.

The key activities carried out by FIU-Sri Lanka on IT infrastructure for reporting are indicated in the Table 6.2 below:

Table 6.2

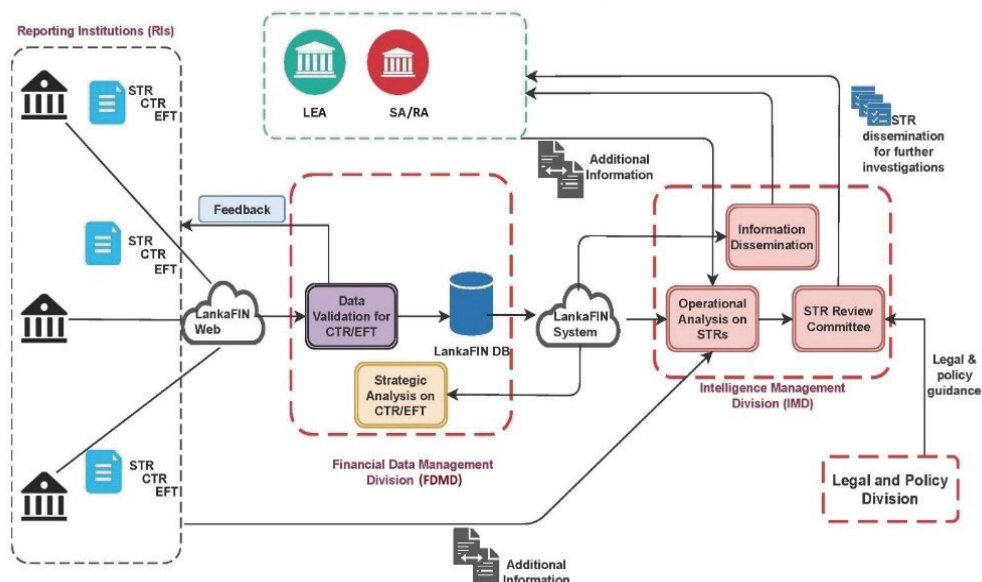
Activities Carried Out on IT Infrastructure for Reporting

Key Activities	Sub Activities
LankaFIN Online Reporting System	<ul style="list-style-type: none"> • Maintaining all users for Non-Bank RIs (new user creation, existing user deactivation and password resets) • Receiving and validating threshold reports to LankaFIN database (from Non-Bank FIs) • Coordinating with CBSL IT Department to resolve issues in the LankaFIN system
goAML Online Reporting System	<ul style="list-style-type: none"> • Maintaining Institution and CO user accounts for all RIs • Receiving and validating threshold reports to goAML database • Data cleaning and preparation in goAML database • Maintaining workflows for core analysis activities • Providing assistance to RIs on goAML reporting
Press Releases / Notices in the FIU-Sri Lanka Website	<ul style="list-style-type: none"> • Public awareness notices • Imposition / Collection of Administrative Penalties by FIU-Sri Lanka

6.2 LankaFIN Online Reporting System

Figure 6.1

Reporting, Analysing and Disseminating of Information through ‘LankaFin’ System

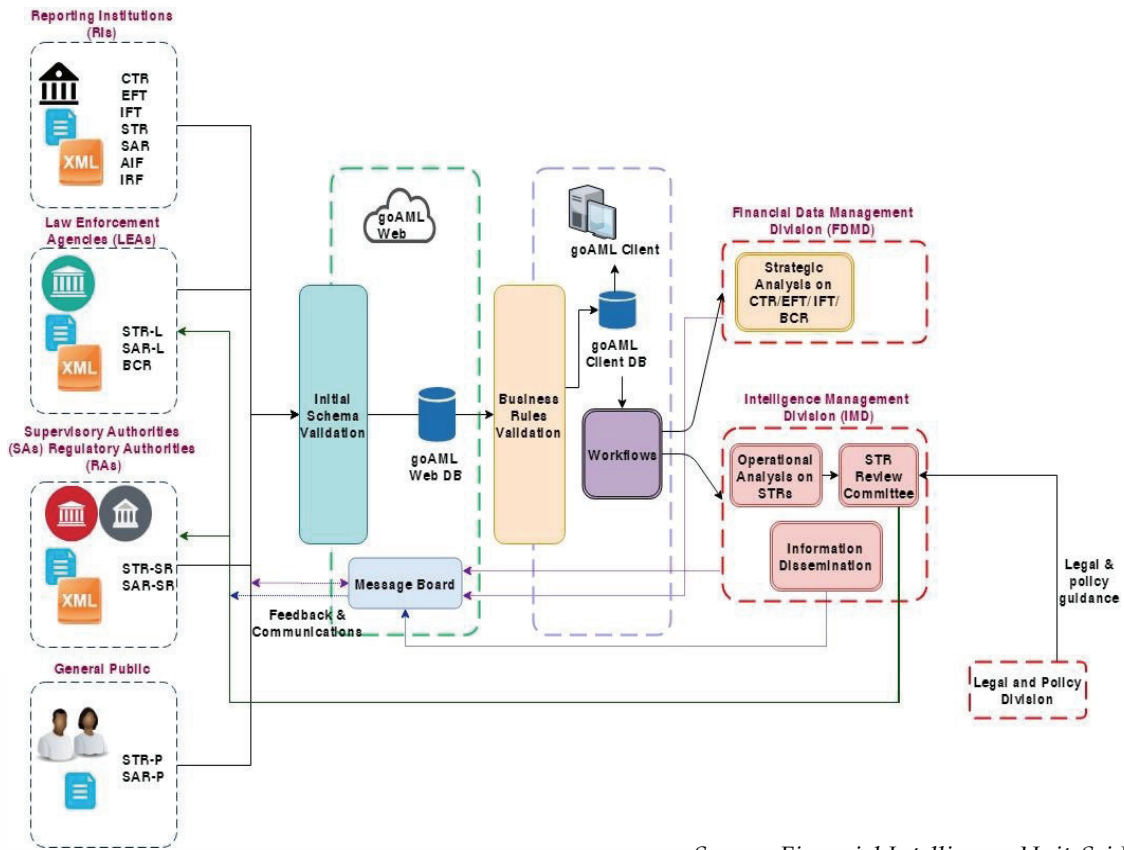


Source: Financial Intelligence Unit-Sri Lanka

6.3 goAML Online Reporting System

Figure 6.2

Reporting, Analysing and Disseminating of Information through 'goAML' System

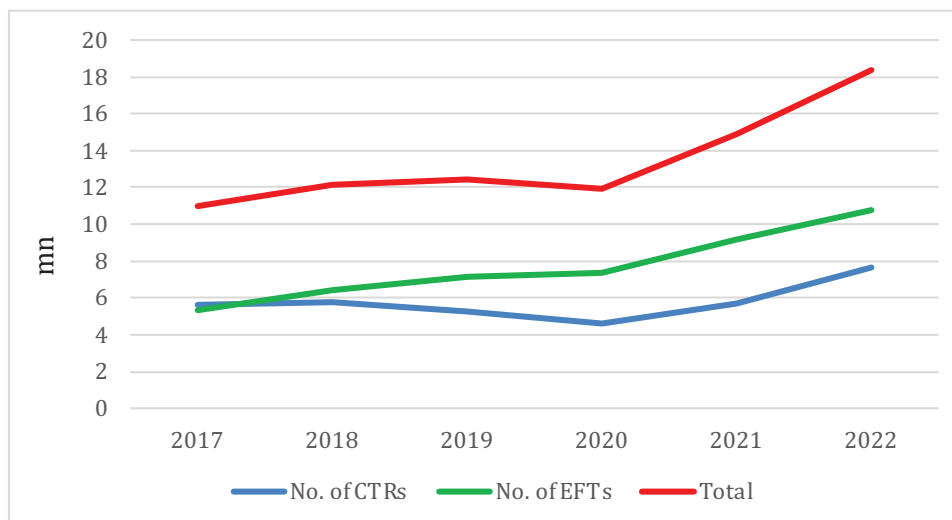


Source: Financial Intelligence Unit-Sri Lanka

6.4 Threshold Reporting Statistics

Figure 6.3

Total Number of Cash Transaction (CT) and EFT Records Received through the LankaFIN System during 2017-2022



Source: Financial Intelligence Unit-Sri Lanka

Table 6.3
Receipt of CT & EFT Records through LankaFIN System

Year	2017	2018	2019	2020	2021	2022*
No. of CTs	5,627,396	5,743,308	5,257,620	4,616,292	5,723,870	7,640,778
No. of EFTs	5,346,084	6,386,376	7,176,739	7,339,385	9,203,694	10,760,245
Total	10,973,480	12,129,684	12,434,359	11,955,677	14,927,564	18,401,023

Source: Financial Intelligence Unit-Sri Lanka

Table 6.4
Threshold Transaction Records Accepted by the goAML System in 2022*:

Reporting Type	Threshold Transaction Records Accepted
CTs	1.75 mn
EFTs	3.4 mn
IFTs	0.1 mn

Source: Financial Intelligence Unit-Sri Lanka

* All transactions reported to goAML were also reported to LankaFIN due to parallel reporting which took place during 2022. Number of transactions reported to goAML are significantly lower than LankaFIN figures due to non-submission of all transactions by all RIs to goAML during the parallel reporting and omission of certain types of transactions for goAML which are not required for FIU-Sri Lanka analysis.

6.5 Publications in the FIU-Sri Lanka Website

Table 6.5
Details of Publications in the FIU-Sri Lanka Website during 2022

Date	Publication
December 12, 2022	Public awareness in relation to defrauding individuals through scam calls, text messages, email messages and social media networks
December 12, 2022	Imposition / Collection of Administrative Penalties by the FIU-Sri Lanka to Enforce Compliance on FIs from 01 July 2022 to 16 November 2022
September 15, 2022	Imposition/Collection of Administrative Penalties by the FIU-Sri Lanka to Enforce Compliance on FIs
July 12, 2022	Public awareness in relation to the use of Virtual Currencies in Sri Lanka (Payments and Settlements Department of CBSL)
June 29, 2022	Imposition of Administrative Penalties by the FIU-Sri Lanka to Enforce Compliance on FIs during the Fourth Quarter of 2021

Source: Financial Intelligence Unit-Sri Lanka

BOX ARTICLE - 2

Reporting, Analyzing and Disseminating Financial Transactions through the goAML System

FIU-Sri Lanka acts as the regulator for FIs and DNFBPs in relation to prevention of ML/TF in the country. As per Sections 6 and 7 of the FTRA, afore-mentioned RIs are obliged to report STRs and threshold reports which are Cash Transaction Reports (CTRs), EFT reports and IFT reports, to the FIU-Sri Lanka. Threshold reports made to the FIU-Sri Lanka include information on transactions carried out by FIs which exceed the prescribed amount, whereas STRs are reported by RIs based on a suspicion, that certain transactions or accounts are being used for illegal activities.

These reports have been filed to the FIU-Sri Lanka through the LankaFIN system since 2008. This system had been developed by the IT Department of the CBSL, in order to facilitate the required reporting. However, due to the increasing number of reports and the requirement for an advanced system to aid in data analysis, the FIU-Sri Lanka has initiated implementing the internationally recognized goAML system.

The goAML system is an AML reporting and analysis software solution developed by the United Nations Office on Drugs and Crime (UNODC). Implementing the goAML system in Sri Lanka has been commenced in 2019 after selecting it through a comparative evaluation process. Subsequent to a time period given for the RIs to adapt to goAML reporting, the main operations of FIU-Sri Lanka were gradually transitioned from the previously used LankaFIN system to the goAML system. Accordingly, providing information for “call for information requests” made by FIU-Sri Lanka from RIs based on the information requests received by LEAs were shifted to the new system by August 2021. Submitting STRs were then shifted to the goAML system by February 2022 whereas submitting threshold reports were shifted to goAML system by October 2022.

At present the goAML system functions as the core system used by FIU-Sri Lanka which facilitates receiving, analysing and disseminating of data and information which are reported as CTRs, EFTs, STRs and other report types. Further, it's been used to facilitate the requests for information received from RAs, LEAs and other stakeholders. The goAML system acts as a centralized system that connects the FIU, RIs, LEAs, RAs and other stakeholders which is an advantage in preventing ML and TF in Sri Lanka. As per updated records, 24 LCBs, 6 LSBs, 35 LFCs, 28 SBs, 28 ICs, 3 MVTs Providers, 5 RAs and 21 LEAs have been registered with the goAML system for reporting and receiving information.

Information reported by RIs to FIU-Sri Lanka are analyzed by the analysts of FIU-Sri Lanka in order to share intelligence with LEAs or RAs. The goAML system allows such analysts to efficiently analyze the data maintained in the database, to identify links and connections

between persons, entities or accounts reported to the system. The specialty of the system is that it identifies links and connections between transactions carried out through different institutions in the financial system at different instances, which enables the FIU analysts to effectively identify transactions which are connected to one another. This enhances the chances of identifying underlying networks that may involve in ML and TF which may attempt to use the country's financial system for their illicit purposes.

Similar to the coordination between FIU-Sri Lanka and domestic stakeholders, FIU-Sri Lanka also coordinates with foreign FIUs in relation to ML and TF. Although such cooperation has been taking place through the ESW prior to adapting the goAML system, introduction of the new system has helped in increasing the efficiency of the information sharing through the ESW process by being a supporting system.

Apart from the aforementioned processes, FIU-Sri Lanka is in the process of initiating the use of goAML system to identify emerging trends and patterns in transactions using strategic analysis. Such analysis would pave the path into identifying possible transactions related to ML and TF ahead of time in order to take necessary preventive measures or policy decisions. Sharing such information on trends and patterns with the RIs would help the RIs to identify related transactions which could be reported to FIU -Sri Lanka through the goAML system. Further, FIU-Sri Lanka has commenced the process of onboarding DNFBPs to the system in order to enhance the scope of its RIs and the transactions being reported. Simultaneously, awareness sessions are conducted regularly to educate all the RIs and other stakeholders to ensure timely and quality reporting.

With ever developing technology and new inventions in the financial sector, criminals have become creative and have adapted new methods for ML and TF. Therefore, implementation of an advanced system which is in par with new technology is essential in combatting ML and TF in the present day. The FIU-Sri Lanka, equipped with the goAML system has entered into a new path of combatting ML and TF effectively and efficiently.

TYPOLOGY - I

TRADE-BASED MONEY LAUNDERING (TBML)

The ongoing NRA coordinated by the FIU-Sri Lanka identifies TBML as an emerging ML/TF risk in the financial system of Sri Lanka.

The FIU-Sri Lanka received an STR from an RI about Company Z, a private limited company, established very recently and based in Sri Lanka. The Company is said to be engaged in importing different types of products such as apparel, electric items, yarn, solar panels, tyres etc. All payments of Company Z are handled by its agents, Company Y located in Country A, at a nominal fee. Further, Company Z imports solar panels from Country B, a zero-tax product in Sri Lanka and imports tyres from Country C, a highly taxed product in Sri Lanka. Commercial invoices to Country B are overvalued because of zero tax and the commercial invoices to Country C are undervalued due to high tax.

The local bank account of Company Z receives large cash deposits which are immediately remitted as Advance Payments under Outward Telegraphic Transfers to Country D for the purchase of apparel and yarn. Shipments of Advance Payments made one year ago have not yet reached Sri Lanka since no Customs Declarations were submitted to the bank for endorsement.

Additional information requested by the FIU-Sri Lanka from the STR Reporting Institution revealed that Company Z recently submitted a set of commercial invoices to the bank to facilitate payments to import electric items. However, the commercial invoices appear to be forged and a search of importers in the public domain revealed that they are not engaged in the said business. At the same time, as per the agency agreement provided by Company Z, a large fee is paid to Company Y as support service fees monthly. However, there is a minimal gap between an import payment and the monthly support service fee.

Upon noticing the unusual nature of account transactions, the bank made inquiries from Company Z. However, the given contact numbers are not reachable. Later, the bank visited the given address but could not find any physical business. Above findings were forwarded to Sri Lanka Customs to assist further investigations in this regard.

Above scenarios show that the financial sector has a key responsibility to prevent and detect TBML. For this purpose, the financial sector must be smart enough to identify possible red flags and indicators and some of them are given below.

- Undervalued or overvalued commercial invoices
- Supplier/importer payments are made through third parties
- Unusually large support service fees paid
- Frequent advance payments followed by outward telegraphic transfers
- Non-submission of Customs Declarations to subsequently support the advance payments made
- Absence of a place of business

TYOLOGY-2

MISUSE OF CORPORATE VEHICLES FOR ML PURPOSES AND ULTIMATE BENEFICIAL OWNERSHIP

Misuse of corporate vehicles such as companies, trusts, foundations, and other types of legal arrangements for ML/TF purposes is a global paradigm, where criminals use complex corporate structures like special purpose vehicles spread across the globe, to launder money that they earn from illicit sources. In this regard, the FATF Recommendations require countries to ensure that adequate, accurate and timely information on the Beneficial Ownership of corporate vehicles is available and can be accessed by the Competent Authorities in a timely manner.

The FIU-Sri Lanka received an STR from one of the LCBs, which elaborated on a recently incorporated Sri Lankan company, Company A and it had received a significant amount of IFTs from a different jurisdiction, to make a strategic investment in Sri Lanka. The Company A had received the said funds by way of a loan from a foreign company, Company B which is a fully owned subsidiary of another foreign company, Company C incorporated in a Tax Haven.

When scrutinized the ownership of the Company C, it was revealed that a trust formed in another jurisdiction owned total shares of Company C and the specific trust was created by Mrs. Y for the benefit of Mr. X and his children. Mr. X is a citizen and a PEP of Country Z and his business ventures are spanning across the entire region. Some of the business ventures owned by Mr. X are allegedly engaged in illegal activities and are being investigated by the LEAs of the resident countries.

Accordingly, the availability and the accessibility of adequate, accurate and timely information on ultimate beneficial ownership of legal persons and legal arrangements such as companies and trusts are vital to find out the legitimacy of the origin of funds and to identify whether there is any commission of ML offence.

Apart from the information available domestically, the FIU-Sri Lanka had gathered information about ultimate Beneficial Ownership of aforesaid legal persons and arrangements

from foreign FIU counterparts through ESW and referred the same information to the CID of SL Police to assist their investigations.

Furthermore, the following have been identified as some AML Red Flag indicators relating to misuse of corporate vehicles to disguise ultimate Beneficial Ownership which the FIs should be vigilant.

- Customers provide insufficient or incomplete information about the beneficiaries of their institutions.
- Transactions that involve sender or beneficiary companies in offshore locations typically Tax Havens or in high risk jurisdictions.
- Institutions engage in transactions irregularly, occasionally, or that seems unusual for their industry.
- Transactions are in amounts that do not match with the company's business profile.
- Institutional customers produce fabricated documents to support significant amounts of remittances received or sent out.

CONTACT US

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

General

Telephone: +94 11 247 7509

Fax: +94 11 247 7692

Email: fiu@cbsl.lk

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

Director FIU

Mrs. E H Mohotty

Director

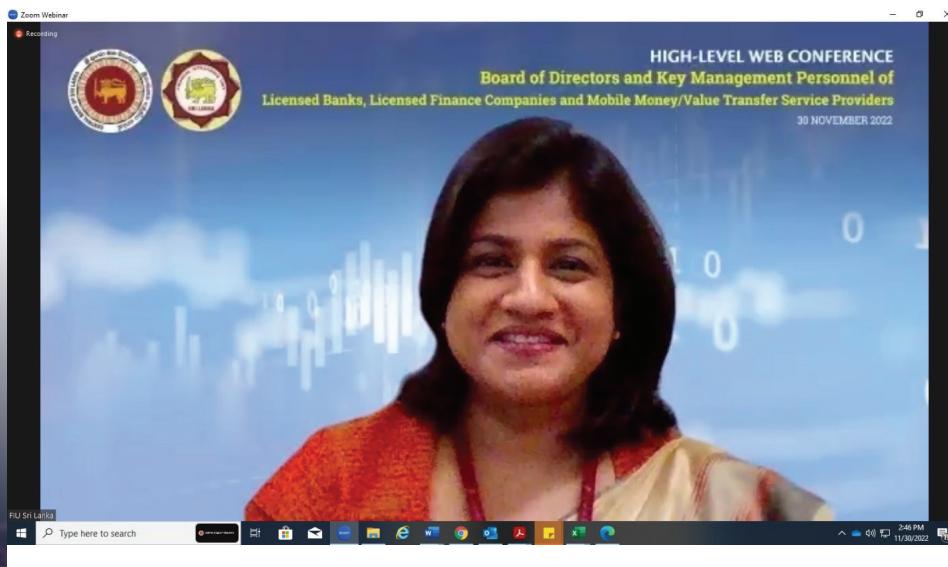
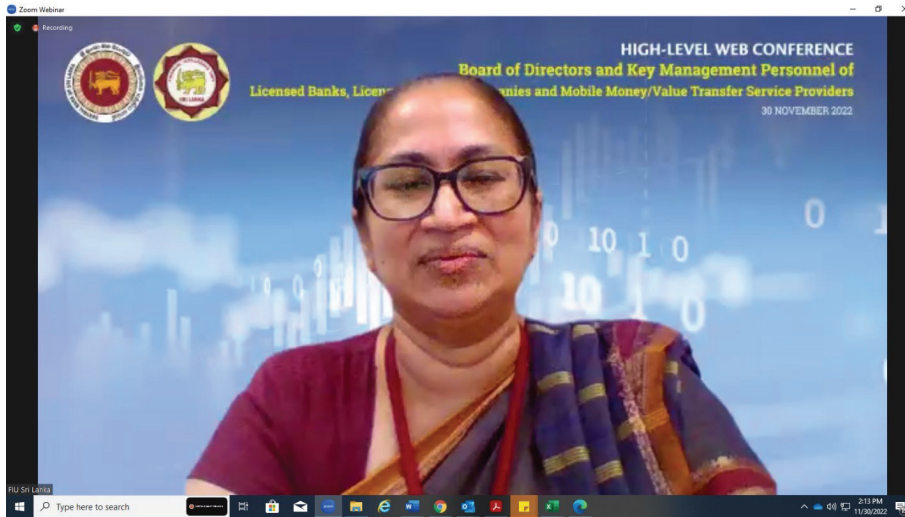
Financial Intelligence Unit of Sri Lanka

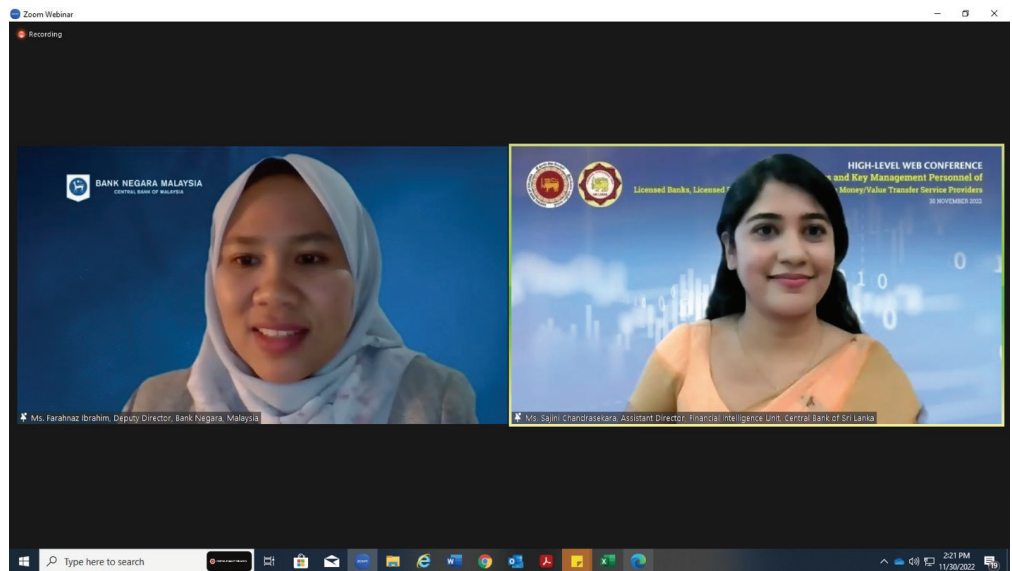
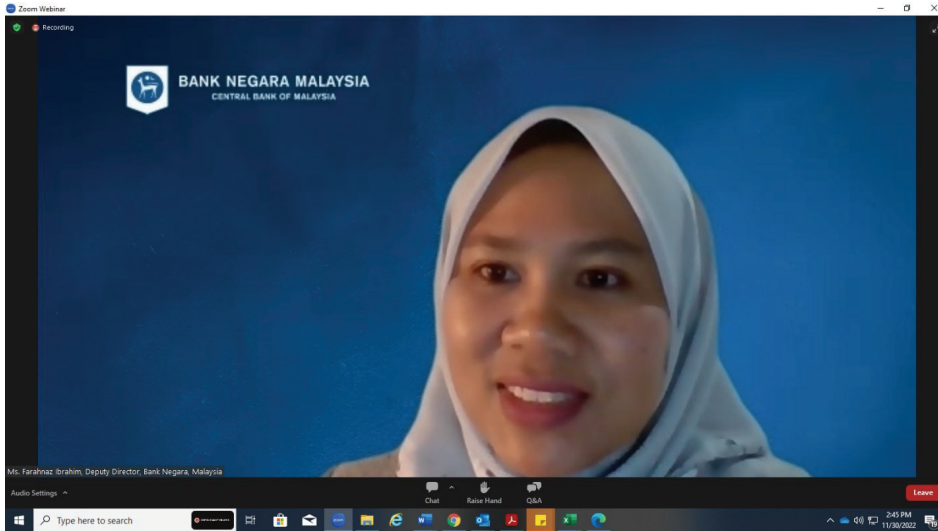
Central Bank of Sri Lanka, No: 30, Janadhipathi Mawatha, Colombo 01,
Sri Lanka

Email: director@fiusrilanka.gov.lk

Telephone: +94 11 247 7125

High-Level Web Conference on “Key Aspects of AML/CFT Obligations for Board of Directors and Senior Management of LBs, LFCs and MVTs Providers”,
30 November 2022





BOD AND SENIOR MANAGEMENT OF BANKS, LICENSED FINANCE COMPANIES, MOBILE MONEY/VALUE TRANSFER SERVICE PROVIDERS

Organized by the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka

- As the Board of Directors (BOD) is the primary governing body of an institution, the BOD plays a crucial leadership function in shaping an organization's future including overseeing its compliance activity.
- Directors are expected to have a close understanding of the specific ML/TF risks posed to the business as well as the regulatory environment.
- Board of Directors are expected to establish and lead an effective control framework and promote a "culture of compliance" within the institution.

Key obligations of BOD and Senior management

- Implementing a risk-based approach within the institution and including ML/TF risk as a part of integrated risk management
- Maintaining a sound AML/CFT policy framework
- Appointing a qualified Compliance Officer at senior management level
- Providing adequate resources to strengthen compliance function to reduce Money Laundering/Terrorist Financing (ML/TF) vulnerabilities
- Reviewing and monitoring AML/CFT policies and procedures periodically
- Regular monitoring of ML/TF risk level of the institution
- Providing regular training on AML/CFT

BOD should assume overall responsibility and accountability in respect of management of the affairs of the institution

BOD should ensure compliance with all regulatory and supervisory requirements

BOD should provide adequate resources to strengthen compliance function

30

NOVEMBER

2.00p.m. to 3.30 p.m.



Opening remarks

by
Mrs. Nelumani Daulagala
Deputy Governor
Central Bank of Sri Lanka

Keynote Address

by
Ms. Farahnaz Ibrahim
Deputy Director
Bank Negara Malaysia

NRA Preliminary Findings Relating to Relevant Sectors

by
Dr. (Mrs.) Subhani Keerthiratne
Additional Director - FIU

Closing Remarks

by
Mrs. Enoka Mohotty
Director - FIU

AML/CFT Risk Assessment Training for Financial Institutions in Sri Lanka

*Conducting an Enterprise-Wide AML/CFT Risk Assessment
(Risk Control Self-Assessment)*

📅 1-2 DECEMBER 2022

📍 CENTRE FOR BANKING STUDIES (CBS), RAJAGIRIYA, COLOMBO, SRI LANKA

TRAINER



Elizabeth "Kelly" McCann

Senior AML/CFT-KYC Expert
Business & Finance Consulting

Welcome Remarks



K M A N Daulagala

Deputy Governor
Central Bank of Sri Lanka

Introductory Remarks



Chen Chen

Country Director
ADB Sri Lanka Resident Mission







Awareness Programme on “AML/CFT Developments Relating to Real Estate Business and Construction Sector”, 30 September 2022





Awareness Programme on “Obligation to Comply with AML/CFT Requirements for Strengthening Economic Development of the Country - Gem and Jewellery Sector”, 17 October 2022





Awareness Session for the Officials of DRC on “ML/TF Risk, AML/CFT Framework of the Country and the Role of FIU”, 08 - 09 February 2022





Appendix A: List of Rules/Directions/Guidelines Issued from 2006 to 2022

2022

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

2021

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

2020

1. Guidelines for LFCs, ICs and SBs on Scenario-based LankaFIN Reporting, No. 1 of 2020
2. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports, Circular No. 01/20
3. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports: Second Extension, Circular No. 02/20
4. Guideline for Accountants and Trust or Company Service Providers on Anti-Money Laundering and Countering the Financing of Terrorism Compliance Obligations, No. 2 of 2020

5. Advice to Financial Institutions to Be Vigilant on the Emerging Money Laundering/ Terrorist Financing Risks, Circular No. 03/20
6. Direction on Contacting Compliance Officials during Weekends/Public and Bank Holidays, No. 1 of 2020
7. Guidelines on Non-Face-to-Face Customer Identification and Verification Using Electronic Interface Provided by the Department for Registration of Persons, No. 3 of 2020

2019

1. Insurers (Customer Due Diligence) Rules, No. 1 of 2019 - Extraordinary Gazette No. 2123/14, May 13 of 2019
2. Conducting Enhance Due Diligence with Respect of the Non-Governmental Organizations, Not-for-Profit Organizations or Charities under Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016, Circular No. 01/19
3. Guidelines for Designated Non-Finance Businesses on Suspicious Transactions Reporting, No. 01 of 2019
4. Guidelines for Designated Non-Finance Businesses on Identification of Beneficial Ownership, No. 02 of 2019
5. Guidelines on Identification of Politically Exposed Persons, No. 03 of 2019
6. Debiting Withholding Taxes from Suspended Accounts, Circular No. 02/19

2018

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

2017

1. Circular on onsite examination in terms of Risk-Based approach examination plan 2017 to Chief Executive Officers of all Licensed Banks and Licensed Finance Companies
2. Guidelines on AML/CFT Compliance Obligations for Money or Value Transfer Service Providers, No. 1 of 2017
3. Suspicious Transactions (Format) Regulations of 2017 - Extraordinary Gazette No. 2015/56, March 30, 2017
4. Regulations Promulgating the Implementation of UNSCR 1718 on Democratic People's Republic of Korea - Extraordinary Gazette No. 2039/32 dated October 06, 2017
5. Regulations Promulgating the Implementation of UNSCR 1540 on Proliferation of Weapons of Mass Destruction (WMD) - Extraordinary Gazette No. 2039/31 dated October 06, 2017

2016

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

2015

1. Reporting of Foreign Inward Remittances

2014

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

2013

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

2012

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

2011

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

2010

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

2009

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

2008

1. KYC/ CDD Rules for the Insurance Industry
2. Compliance with Rules on CDD for Financial Institutions
3. Compliance with Reporting Requirement (Amended)
4. Inclusion of the World Tamil Movement among the list of Terrorist Organizations in Canada
5. Use of Banking System by Institutions and Persons not Authorized to Accept Deposits
6. Compliance with Reporting Requirement of FTRA-Securities Industry
7. Compliance with Reporting Requirement of FTRA-Insurance Industry

2007

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

2006

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

Licensed Commercial Banks

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

Licensed Specialized Banks

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

Licensed Finance Companies

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

Licensed Insurance Companies

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

Licensed Stockbrokers

1. Acuity Stockbrokers (Pvt) Ltd
2. Almas Equities (Pvt) Ltd
3. Ambeon Securities (Pvt) Ltd
4. Asha Securities Ltd
5. Asia Capital Stockbrokers (Pvt) Ltd

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

Restricted Dealers

1. Abdeen Money Changers (Pvt) Ltd
2. Abilash Money Exchange (Pvt) Ltd
3. Ariyawansa Enterprises (Pvt) Ltd
4. Arrujina Jewellery (Pvt) Ltd
5. Aruna Forexc (Pvt) Ltd
6. Asia Asset Finance PLC
7. Asian Money Exchange (Pvt) Ltd
8. Brescia Grameen (Pvt) Ltd
9. Bullion Money Exchange (Pvt) Ltd
10. Capital Exchange (Pvt) Ltd
11. Central Money Exchange (Pvt) Ltd

12. Central Money Exchange (Pvt) Ltd – Colombo 01
13. Central Money Exchange (Pvt) Ltd – Colombo 06
14. Cinnamon Bey Beruwala
15. Cinnamon Bentota Beach
16. Cinnamon Citadel Kandy
17. Cinnamon Grand
18. Cinnamon Lakeside
19. Cinnamon Lodge Habarana
20. Cinnamon Red Colombo
21. Cinnamon Wild Yala
22. Citizens Development Business Finance PLC
23. City Exchange (Pvt) Ltd
24. Crown Money Exchange (Pvt) Ltd
25. Dadigama Group (Pvt) Ltd
26. Data Exchange International (Pvt) Ltd
27. Daya Authorized Money Changer (Pvt) Ltd
28. Devi Forex (Pvt) Ltd
29. Galle money Exchange (Pvt) Ltd - Galle
30. Galle money Exchange (Pvt) Ltd – Galle Fort
31. George Michael Holdings (Pvt) Ltd
32. Global Village Exchange (Pvt) Ltd
33. Golden Money Changers (Pvt) Ltd
34. Gold Lanka Jewellery (Pvt) Ltd
35. Habarana Village by Cinnamon
36. Haifa Travels and Tours (Pvt) Ltd
37. Hikka Tranz by Cinnamon
38. International Exchange (Pvt) Ltd
39. Jayes Investments Ltd
40. Jewel Lanka Money Exchange (Pvt) Ltd
41. Jeya Forex Exchange (Pvt) Ltd
42. Kamal Enterprises (Pvt) Ltd
43. Keyser Exchange (Pvt) Ltd
44. Kudamadu Money Exchange (Pvt) Ltd
45. Lanka Credit & Business Finance PLC
46. LB Finance PLC
47. M.P. Money Changer (Pvt) Ltd

48. Maruthi Money Exchange (Pvt Ltd – Colombo 06
49. Maruthi Money Exchange (Pvt Ltd – Jaffna
50. Mayurie Money Changers (Pvt) Ltd
51. Metro Forex (Pvt) Ltd
52. Midna Mini Market (Pvt) Ltd
53. Milano Money Exchange (Pvt) Ltd
54. Narmatha Gold Centre (Pvt) Ltd – Jaffna
55. Narmatha Gold Centre (Pvt) Ltd – Kilinochchi
56. New Lanka Gold House (Pvt) Ltd
57. New Natasha (Pvt) Ltd
58. New Regal’s Money Changer (Pvt) Ltd
59. Pearl City Hotel
60. Pushpa Money Changer (Pvt) Ltd
61. Rafeek’s Gems (Pvt) Ltd
62. Ravi Forexae (Pvt) Ltd
63. Rimha Jewellery (Pvt) Ltd
64. Rivindu Enterprises (Pvt) Ltd
65. Royal Money Exchange (Pvt) Ltd - Colombo 01
66. Royal Money Exchange (Pvt) Ltd - Colombo 06
67. Royal Money Mart (Pvt) Ltd – Aluthgama
68. Royal Money Mart (Pvt) Ltd – Colombo 01
69. Salaka Trust Investment (Pvt) Ltd
70. Senkadagala Finance PLC
71. Shangri-La’s Hambantota Resort & Spa
72. Shangri-La Hotel Colombo
73. Sharanga Money Exchange (Pvt) Ltd
74. Shifaz Money Exchange (Pvt) Ltd
75. Singer Finance (Lanka) PLC
76. Sornam Forex (Pvt) Ltd
77. Swiss Money Exchange (Pvt) Ltd - Colombo 01
78. Swiss Money Exchange (Pvt) Ltd - Colombo 06
79. Thamasha Forex (Pvt) Ltd
80. Thomas Cook Lanka (Pvt) Ltd - Bandaranaike International Airport
81. Thomas Cook Lanka (Pvt) Ltd – Colombo 02 – Colombo City Center
82. Thomas Cook Lanka (Pvt) Ltd – Colombo 02 – One Galle Face Mall
83. Thomas Cook Lanka (Pvt) Ltd – Kandy

84. Trinco Blue by Cinnamon
85. Unic Forex (Pvt) Ltd
86. Universal Money Changers (Pvt) Ltd
87. Vasanthas Intl. Money Exchange (Pvt) Ltd
88. Western Money Exchange (Pvt) Ltd
89. Windsor Money Exchange (Pvt) Ltd

Money or Value Transfer Services

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