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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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Financial Intelligence Unit

Tel. No. 2477125  
Fax No: 2477692  
e-mail: [fiu@cbsl.lk](mailto:fiu@cbsl.lk)

**TO ALL LICENSED BANKS:**

In terms of the provisions of the Financial Transactions Reporting Act, the immediate and urgent attention of all licensed banks is drawn to the legal requirement for necessary due diligence to be carried out in respect of all remittances received into customer accounts and transfers there from. In this regard the banks are required to revert to circular instructions issued by the Director of Bank Supervision of the Central Bank as follows:-

Circular dated 07th March, 2006 – reporting of post-tsunami remittances received through NGOs and Non-NGOs to the Central Bank of Sri Lanka which stated, inter alia, as follows:-

The banks are requested to adhere strictly to the “Know Your Customer Guidelines” and implement adequate systems and controls to monitor all such remittances to ensure that customer due diligence on transactions relating to such remittances is carried out. This is an imperative in the context of the Anti-money Laundering legislation that has just been passed by Parliament and which will soon be operative.

Circular dated 31st May, 2006 – Conduct of NGO accounts by licensed banks which stated as follows:-

The immediate attention of all licensed banks is drawn to the need to observe strict due diligence and the “Know your Customer” (KYC) Rules with regard to inward remittances and outward transfers or withdrawal of funds from accounts operated by NGOs.

In this regard the attention of all licensed banks is drawn to the provisions of Section 15 subsection (2) of the Financial Transactions Reporting Act, No.6 of 2006 and Section 3 of the Convention on the Suppression of Terrorist Financing Act, No.25 of 2005 which are annexed for ease of reference.

Circular dated 16th June, 2006 – Conduct of NGO accounts by licensed banks which stated as follows:-

In order to scrutinize the legitimacy of financial transactions undertaken by NGOs who receive funding assistance from external sources, the Ministry of Finance & Planning has requested the relevant line Ministries to establish a proper monitoring procedure and ascertain the work undertaken by them.

Accordingly all licensed banks are requested to obtain a clearance letter from the relevant line Ministry and External Resourced Department before releasing such funds to the respective NGOs, where it is evident that such NGO is operating outside its scope of activity. Copy of clearance letter may be forwarded to the Central Bank of Sri Lanka.

Where a licensed bank is found not to have complied with the above requirements in respect of any such transaction, the provisions of Section 15 of the FTRA will be invoked.

The attention of all banks is drawn to the provisions of Sections 15(3) and (4) of the FTRA in this regard.

George N. Fernando  
CEO (FIU)

4th September 2006