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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

මූල්‍ය මුද්ධි ඒකකය  
நிதியியல் உளவறிதற் பிரிவு  
FINANCIAL INTELLIGENCE UNIT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව  
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை  
No. 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka

Circular 02/2024

Ref: 37/05/002/0005/022

September 05, 2024

To: Chief Executive Officers/ General Managers/ Managing Directors of all Licensed Banks,  
Licensed Finance Companies, Stockbrokers, Insurance Companies and MVTs Providers

Dear Sir/Madam,

**Compliance with the Rules on Customer Due Diligence for Financial Institutions**

It has been brought to the notice of the Financial Intelligence Unit that certain Financial Institutions (FIs) have adopted inadequate Customer Due Diligence (CDD) procedures and/or obtained insufficient or erroneous details in establishing and conducting business relationships with customers and facilitating customer transactions (domestic and international), and at the time of conducting ongoing due diligence in line with the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) and the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (CDD Rules).

Further to the above, it has been observed that certain FIs have failed to maintain and retain CDD records and transaction records as stipulated in the statutory and regulatory requirements. The insufficiency of adequate, accurate and up-to-date customer information held by the FIs has led to implications in ongoing Money Laundering (ML)/ Terrorist Financing (TF) investigations, leaving the doors open for criminals to exploit the financial system.

Therefore, the FIs are hereby advised to:

- (i) strictly adhere to the provisions of the FTRA, and rules, regulations and guidelines issued thereunder, especially the CDD Rules, in obtaining and maintaining CDD information. Any contravention or non-compliance with the FTRA and/or CDD Rules will be liable to penalties under the FTRA.
- (ii) ensure your institution, and the branches, where relevant, complies with the CDD requirements when entering into business relationships/ transacting with any person.

Yours faithfully,

Director  
Financial Intelligence Unit

- Cc: 1. Compliance Officers of all Licensed Banks, Licensed Finance Companies, Stockbrokers,  
Insurance Companies and MVTs Providers
2. Director, Bank Supervision Department of the Central Bank of Sri Lanka
  3. Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka
  4. Director, Payments and Settlements Department of the Central Bank of Sri Lanka
  5. Director General, Securities and Exchange Commission of Sri Lanka
  6. Director General, Insurance Regulatory Commission of Sri Lanka