



FIU releases second national risk assessment report on ML/TF

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The Financial Intelligence Unit of Sri Lanka (FIU) of the Central Bank of Sri Lanka (CBSL) recently published the sanitised report of the 2021/22 National Risk Assessment (NRA) on Money Laundering and Terrorist Financing (ML/TF). The report was developed based on an assessment conducted by the FIU, together with public and private sector stakeholders. This assessment highlights the most significant ML/TF threats, vulnerabilities, and risks faced by Sri Lanka.

The NRA identified drug trafficking, bribery and corruption, and customs-related offences including laundering of trade-based proceeds as the most prevalent predicate offences where ML threat was rated as medium high. Fraud, robbery, and environmental and natural resource crimes were recorded as having a medium level of ML threat. Human smuggling/trafficking; tax offences; and illegal, unreported, and unregulated fishing-related unlawful activities were assessed as having a medium low ML threat. Lower ML threat was observed for counterfeiting of currency.

Further, the NRA identified the ML risk of financial and designated non-financial businesses and professions sectors as follows:

Sector	ML Risk
Informal money remitters (Hawala/Hundi)	High
Real estate agents	Medium high
Banking sector	Medium high
Finance companies	Medium high
Money value transfer services providers	Medium
Stockbrokers	Medium
Primary dealers	Medium
Casinos	Medium
Dealers in precious metals and stones	Medium
Notaries	Medium
Lawyers	Medium
Accountants	Medium low
Trust and company service providers	Medium low

Service providers	
Insurance	Medium low

The overall ML/TF risk for the country was assessed as “Medium”. Based on the NRA, the national policy on anti-money laundering and countering the financing of terrorism (AML/CFT) of Sri Lanka, and comprehensive action plans for each stakeholder, were prepared to address the gaps identified in order to effectively combat ML/TF in the country. The AML/CFT national policy and the stakeholder-wise action plans were approved by the Cabinet of Ministers on 7 August 2023. Some of the recommendations made in the NRA include bringing necessary amendments to relevant laws; introduction of new laws; strengthening institutional framework; capacity-building for investigators, prosecutors, judiciary, and supervisors; and increasing supervision of designated non-finance businesses and professions, such as real estate agents, dealers in precious metals and stones, casinos, accountants, lawyers etc. Further, the need for the development of comprehensive databases and taking actions to expedite the prosecutions and convictions on ML/TF were also identified, while improving interagency co-operation in the fight against ML/TF was also recommended.

3

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