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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

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Continuous Strengthening of Action by Finance Intelligence Unit against Unlawful Financial Transactions

The Central Bank of Sri Lanka wishes to inform the public that the Financial Intelligence Unit (FIU) of the Central Bank has strengthened its capabilities to prevent unlawful financial transactions relating to money laundering and terrorist financing in terms of international best practices and in line with the recommendations made by the "Financial Action Task Force" which now has a membership of 34 countries.

The FIU, was established in the Central Bank under the Financial Transactions Reporting Act, No. 6 of 2006 in March 2006, and its main functions are the collection and receiving of information relating to financial transactions as defined in the Act, conduct of investigation into suspicious activities, dissemination of details of investigations to law enforcement authorities and relevant regulatory authorities to institute legal or enforcement action and also the issue of regulations to prevent the financial system being used for unlawful activities.

Since the FIU was established as a department of the Central Bank, it has been able to draw on the expertise of the human resources available in the bank. Currently the unit is

managed by experienced officers who possess multiple qualifications and also necessary skills in their respective fields.

The FIU carries out its functions and duties under specific statutory provisions operating as an independent unit of the Central Bank. The current reporting structure through an Assistant Governor and Deputy Governor has strengthened the decision making process of the FIU with the involvement of senior management of the Central Bank.

Some of the recent measures initiated by the FIU include formulating of reporting procedures and directions which have been issued to licensed banks, registered finance companies and stock brokers requiring them to comply with detailed "Know-Your-Customer" rules. Accordingly, all institutions are expected to have detailed information on customers and the nature and sources of their financial transactions.

In order to increase the awareness of the general public on Anti-Money Laundering and Combating Financing of Terrorism issues, the FIU has conducted several Awareness Programmes. The FIU has also organized training sessions for regulators and prosecutors with international resource persons. FIU investigations into terrorist financing activities have resulted in a number of suspicious bank accounts being suspended and legal action initiated with the support of the law enforcement authorities to prosecute the parties concerned.

The FIU has also contributed to hosting international conferences on countering terrorism with a view to increasing the co-operation and coordination between relevant regulatory authorities of other countries who are also instrumental in fighting unlawful activities. A Memorandum of Understanding (MOU) has been signed with the Central Bank in Malaysia (Bank Negara Malaysia) for the exchange of information. The Central Bank is making arrangements to sign similar MOUs with the other FIUs in the region as well.

The Central Bank warns the public to be aware of the dangers of getting involved in unlawful financial transactions that are detrimental to public or national interest and the country's security situation at large.