

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Financial Intelligence Unit

Date 27 March 2025

Administrative Penalties imposed by the Financial Intelligence Unit (FIU) on Reporting Institutions from November to December 2024.

By virtue of the powers vested under Section 19 (1) read together with section 19 (2) of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), financial penalties are imposed on Institutions for non-compliance with the provisions of the FTRA. The penalty may be prescribed by taking into consideration the nature and gravity of relevant non-compliance of the Institutions.

Accordingly, as Sri Lanka's regulator for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), the FIU collected penalties as indicated below, amounting to Rs. 3 million in total from November to December 2024 to enforce compliance on Institutions. The money collected as penalties was credited to the Consolidated Fund.

1. Indian Bank

Date of Imposition : December 18, 2024

Amount : LKR 2,000,000.00 (Rupees Two Million)

Date of Payment : December 31, 2024

Reasons for the imposition of the penalty:

The administrative penalty was imposed for the failure of the Bank to adhere to the FTRA, and rules, regulations and directives issued thereunder as follows;

- i. The Bank had failed to report several Electronic Fund Transfer (EFT) transactions as of the examination date, where the amount of such transfers exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency to the FIU, as required by the Financial Transactions Reporting Regulations, No. 1 of 2008 issued in terms of Section 6(b) of the FTRA.
- ii. The Bank had failed to maintain updated lists of designated persons, groups and entities issued under United Nations Regulations, No. 1 of 2012 (United Nations Security Council Resolution (UNSCR) 1373), United Nations Regulations, No. 2 of

2012 (UNSCR 1267), and United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 (UNSCR 1718) and incorporate the same into the Bank's Anti-Money Laundering (AML) system.

- iii. Although the above lapses in systems and procedures were observed, instances of business relationships with designated individuals or entities maintained by the Bank were not revealed during the on-site examination.

2. Amana Takaful Life PLC

Date of Imposition : December 18, 2024

Amount : LKR 1,000,000.00 (Rupees One Million)

Date of Payment : December 30, 2024

Reason for the imposition of the penalty:

The administrative penalty was imposed for the failure of the Company to adhere to the FTRA, and rules, regulations and directives issued thereunder as follows;

- i. The Company had failed to maintain an updated complete list of designated persons, groups and entities issued under United Nations Regulations, No. 1 of 2012 (UNSCR 1373) by the Gazette Extraordinary, No. 2387/02 dated, June 03, 2024.
- ii. The Company had failed to comply with the Rule 58 of the Insurers (Customer Due Diligence) Rules, No. 1 of 2019 (CDD Rules) to verify whether any customers, prospective customers or beneficiaries appear on any list of designated persons or entities issued under any regulation made in terms of the United Nations Act, No. 45 of 1968 with respect to any designated list on TFS, due to the below non-compliances.
 - The Company had failed to maintain designated lists of persons, groups and entities issued under the United Nations Regulations, No. 2 of 2012 (UNSCR 1267) and United Nations (Sanctions in Relation to Democratic People's Republic of Korea) regulations of 2017 (UNSCR 1718).
 - The Company had failed to provide and maintain any reasonable record or evidence to show that the Company had conducted verification for its existing customer database against the updated designated list issued under UNSCR 1373

by the Gazette Extraordinary, No. 2387/02 dated June 03, 2024.

- iii. Although the above lapses in systems and procedures were observed, instances of business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination.