

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Financial Intelligence Unit

Date 19 February 2024

Administrative Penalties imposed by the Financial Intelligence Unit (FIU) on Financial Institutions from 27 September to 31 December 2023

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-compliances with the provisions of the FTRA. The penalty may be prescribed taking into consideration the nature and gravity of the relevant non-compliances.

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. 14 million in total from 27 September to 31 December 2023 to enforce compliance on Financial Institutions. The money collected as penalties were credited to the Consolidated Fund.

1. MMBL Money Transfer (Pvt) Ltd

Date of Imposition : 03 November 2023
Amount : LKR 1,000,000.00 (Rupees One Million)
Date of Payment : 14 November 2023

Reason for the imposition of the penalty: The administrative penalty was imposed for the failure of the Company to adhere to FTRA and Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (CDD Rules) by not implementing a mechanism to monitor activities of its agents and to verify whether such agents are operating in line with the AML/CFT requirements of the Country.

2. Bank of Ceylon

Date of Imposition : 07 November 2023
Amount : LKR 6,000,000.00 (Rupees Six Million)
Date of Payment : 21 November 2023

Reason for the imposition of the penalty: The administrative penalty was imposed for the failure of the Bank to adhere to the requirements of the FTRA and CDD Rules as follows;

- The Bank had failed to obtain approval from its senior management when entering into business relationships with several Politically Exposed Persons (PEPs). Further, there were significant delays in obtaining senior management's approval when entering into business relationships with PEPs.
- The Bank had failed to prevent individuals designated under Regulation 4(7) of the United Nations Regulations No. 1 of 2012 pursuant to United Nations Security Council Resolution (UNSCR) 1373 from conducting any transaction and freeze funds, financial assets or economic resources without delay as per Regulation 5 of United Nations Regulation, No. 1 of 2012 and the Order published in the Extraordinary Gazette Notification No. 1863/25, dated May 22, 2014, by the Competent Authority.
- The Bank had failed to inform full particulars of the funds, other financial assets and economic resources held by designated customers, to the FIU immediately, as per the requirements of the FIU/UNSCR-1373/Directives No. 1 issued to all LBs and LFCs by the FIU.

3. People's Bank

Date of Imposition : 09 November 2023
Amount : LKR 7,000,000.00 (Rupees Seven Million)
Date of Payment : 22 November 2023

Reason for the imposition of the penalty: The administrative penalty was imposed for the failure of the Bank to the requirements of the FTRA and CDD Rules as follows;

- The Bank had failed to comply with the suspension orders issued by the FIU and the orders which were subsequently extended by the High Court of Colombo under Section 15(3) of the FTRA as the Bank has conducted debit transactions through suspended accounts.

- The Bank had failed to obtain approval from its senior management when entering into business relationships with several PEPs. Further, there were significant delays in obtaining senior management's approval when entering into business relationships with PEPs.
- The Bank had failed to prevent individuals designated under Regulation 4(7) of the United Nations Regulations No. 1 of 2012 pursuant to United Nations Security Council Resolution (UNSCR) 1373 from conducting any transactions and freeze funds, financial assets or economic resources without delay as per Regulation 5 of United Nations Regulation, No. 1 of 2012 and the Order published in the Extraordinary Gazette Notification No. 1863/25, dated May 22, 2014, by the Competent Authority.
- The Bank had failed to inform full particulars of the funds, other financial assets and economic resources held by designated customers, to the FIU immediately, as per the requirements of the FIU/UNSCR-1373/Directives No. 1 issued to all LBs and LFCs by the FIU.
- Further, the Bank had failed to remove the restrictions imposed on the designated individuals, even after the delisting, which evident that the Bank had not screened their customer database when the existing designated lists are updating.