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Press Release

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Imposition of penalties to enforce compliance on Financial Institutions during 2019 and 2020 by the Financial Intelligence Unit (FIU)

By virtue of the powers vested under Section 19 (1) read together with section 19 (2) of the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA), financial penalties can be imposed on Institutions for non-compliance with the provision of the FTRA. The penalties may be prescribed taking into consideration the nature and gravity of relevant non-compliance of the Financial Institution or the Designated Non-Finance Business (DNFBs).

Accordingly, as the regulator for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) in the country, the FIU imposed penalties, as a sum total of Rs. 5 million for the year 2019 and Rs. 1 million up to 31 May 2020 to enforce compliance on Financial Institutions. The Monetary Board of the Central Bank of Sri Lanka at its meeting dated 01 July 2020 decided to publish the penalties imposed on the financial institutions by the FIU in order to improve the AML/CFT compliance level in the country.

Penalties were imposed mainly on the violations of Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 in relation to third party deposits, obtaining approval for Politically Exposed Persons (PEPs), sanctions screening and financial transaction reporting under Section 6 of the FTRA.

Details of the penalties imposed by the FIU during 2019/2020 are as follows;

Date	Institution	Amount (Rs)
29 July 2019	Bank of Ceylon	3,000,000.00
3 September 2019	Nations Trust Bank PLC	1,000,000.00
24 October 2019	Commercial Credit & Finance PLC	1,000,000.00
19 February 2020	Sarvodaya Development Finance Ltd	500,000.00
18 May 2020	UB Finance Company Ltd	500,000.00