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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

02/04/004/0012/001

8 October 2008

To CEOs of all Licensed Banks

**Use of banking system by institutions and persons not
authorised to accept deposits**

A number of institutions and persons, that are not authorised to accept deposits from the public, are mobilising funds from the public in the guise of offering investment products/schemes. We find that such institutions and persons have used the banking system for their operations and that some banks have accommodated these transactions without identifying the legality of these transactions or the potential risks.

As you are aware, permitting these institutions and persons to use the banking system to resort to such practices can tarnish the image of your institution and thereby weaken public confidence in the banking system.

In this regard, we wish to draw your attention to the Circulars on Customer Due Diligence dated 3 December 2001 and Know Your Customer Procedures dated 19 January 2007 issued by the Director Bank Supervision and Know your Customer and Customer Due Diligence Rules issued by the Director, Financial Intelligence Unit dated 18 May 2007. We wish to emphasise that special attention should be paid to strengthen Customer Due Diligence and Know Your Customer Procedures and to comply with such Circulars/Rules to ensure that sources of income and movement of funds are monitored, as required in these instructions.

H A Karunaratne

Director of Financial Intelligence Unit

B D W A Silva

Director of Bank Supervision

වෙ මහල, අංක 30, ජනාධිපති මාවත,
කො. පො. 590, කොළඹ 01, ශ්‍රී ලංකාව

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