

2. NATIONAL VULNERABILITY ASSESSMENT

2.1 Introduction

Sri Lanka has structured the AML/CFT regime of the country to combat possible national-level vulnerabilities in order to protect the financial system from being misused. This national vulnerability assessment focusses on evaluating the current AML/CFT regime as a defensive and reactive mechanism for combating ML.

Sri Lanka identifies the importance of assessing ML/TF risk periodically to strengthen the AML/CFT regime of the country in accordance with a sound risk-based approach in order to cater policy changes in local as well as global context due to technological innovations and ever-increasing growth of financial crimes. Therefore, NRA 2021/22 is used as an opportunity to identify national vulnerabilities and come up with strategies to combat ML through a proactive new strategy.

National vulnerability assesses the overall exposed vulnerability for ML which comes from the national combating ability as well as the vulnerability of different sectors of the economy in Sri Lanka. There is a possibility for criminals to abuse the institutions in these different sectors for their intended activities. The availability of a sound control mechanism to combat ML is vital in respect of individual institutions. Accordingly, different types of financial sectors i.e., banking, insurance, securities, other FIs as well as each segment of DNFBPs were considered for the assessment. The overall vulnerability assessment was conducted to achieve the following main objectives.

- Identify the overall vulnerability of Sri Lanka to ML.
- Identify the weaknesses and gaps in the ability of Sri Lanka to combat ML.
- Prioritize actions that will improve the ability of Sri Lanka to combat ML by strengthening AML controls at national level.

The overall national vulnerability level of Sri Lanka was determined at a **Medium** level. This is a slight decrease from the overall national vulnerability level of the previous assessment. The WG understands this improvement as a result of the various measures taken by Sri Lanka to address deficiencies which were identified in the Mutual Evaluation Report (MER) of Sri Lanka – 2015. This progressive trend is also reflected in the overall sectoral vulnerability.

The overall sectoral vulnerability has moderated in comparison to the previous NRA, due to quality of AML/CFT enhancements arising out of institutional compliance with the issuance of CDD Rules for FIs¹, DNFBPs², and Insurance industry³. Further, Circulars⁴ and Guidelines⁵ issued as and when necessary, increased awareness and implementation of an effective risk-based AML/CFT supervision also contributed to the decreased level

1 The Financial Institutions (Customer Due Diligence) Rules, No.1 of 2016

2 The Designated Non-Finance Business (Customer Due Diligence) Rules, No.1 of 2018

3 The Insurers (Customer Due Diligence) Rules, No. 1 of 2019

4 Circular 01/2021 (Implementation of AML/CFT measures on parties involved with online payment platforms), Circular 03/2021 (Additional measures to mitigate the emerging Money Laundering/Terrorist Financing risks during the third wave of the COVID-19 pandemic), etc.

5 Guidelines for Financial Institutions on CCTV Operations for AML/CFT Purposes (No.02 of 2021), Guidelines on Identification of Politically Exposed Persons (No.03 of 2019), etc.

of sectoral vulnerability. On the other hand, the national combating ability has declined marginally. The overall combating ability of the assessed areas is shown in Annex III. The WG believes that this marginal decline may be due to the limited improvements in the law enforcement process. Therefore, expeditious measures are to be taken to further strengthen the AML/CFT regime of Sri Lanka by implementing proposed amendments to the PMLA, FTRA, and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 (CSTFA). However, it is noteworthy that Sri Lanka has been able to maintain both the sectoral vulnerability and combating ability at a **Medium** level despite the slight changes in sectoral vulnerability and ML combating ability during the assessment period.

2.2 Assessment of National Combating Ability

2.2.1 Quality of Anti Money Laundering Policy and Strategy of Sri Lanka

The first national AML policy of the country was formulated following the results of NRA 2014 which was effective from 2015 to 2020. Sri Lanka has adopted the RBA in 2016 and has taken measures to reflect the NRA findings in the AML policy 2015-2020. Accordingly, new rules on customer due diligence have been introduced. In addition to the NRA, the FIU, SEC, and Insurance Regulatory Commission of Sri Lanka (IRC SL) conduct ML/TF risk assessments of each institution that come under their purview, in order to allocate resources for the risk-based examinations, while FIs and DNFBPs are required to undertake enterprise-wide risk assessments and take measures to identify and mitigate ML risks.

The NCC for AML/CFT which consists of 21 members representing relevant key ministries and institutions of the country provides necessary guidance for preparing the AML/CFT Policy of the country, and the NCC is chaired by the Governor of the CBSL. The NCC engages in policy related matters and effectively coordinates with the stakeholders. The WG is of the view that given the importance of participation of all the stakeholders in the national level coordination, a sound mechanism should be established assigning responsibilities for each member of the NCC. Establishment of a regulatory subcommittee and law enforcement subcommittee may enhance the effectiveness of NCC as well as AML regime of the country. The results of the 2021/22 NRA will provide the guidance to draft a new policy for 2023-2028 which will guide the efforts of Sri Lanka, strengthening the AML regime.

Considering the above, the quality of AML Policy and strategy of the country has been rated as Medium High.

2.2.2 Effectiveness of Money Laundering Crime Definition

The criminalization of ML is covered under the provisions of PMLA as amended by Act, No. 40 of 2011. Section 35 of PMLA provides a list of serious offences which are applicable for the crime of ML. The WG observed that Sri Lanka needs to expand the list of unlawful activities by including some of the predicate offences of FATF Recommendations. For example, the offences under the Inland Revenue Act, No. 24 of 2017 (IRA) are not included in the list, to be considered as an unlawful activity. Further, insider dealing has not been recognized as an unlawful activity in PMLA. These deficiencies will be addressed in the proposed amendments to the PMLA.

2.2.2.1 Penalties for Money Laundering

The PMLA provides a wide range of dissuasive penalties for ML offences where a sentence is set out in section 3(1) of the PMLA. The High Court of Sri Lanka is vested with the exclusive jurisdiction to hear the cases under PMLA. According to above section if an accused is convicted for an offence of ML, High Court can impose a fine which shall be not less than the value of the property in respect of which the offence is committed and not more than three times the value of such property, or to rigorous imprisonment for a period of not less than five years and not exceeding twenty years, or to both such fine and imprisonment. The criminal penalties for ML offences in Sri Lanka are regarded as proportionate when compared to penalties for other serious offences.

Value of total penalties for ML cases is Rs.7.56 million and 1 imprisonment for the year 2022.

2.2.2.2 Applicability of Criminal Penalties

Sri Lanka has a comprehensive mechanism to impose criminal penalties for both natural and legal persons. In most of the legislations, other than the natural persons, body corporates also have been made liable with a provision in case such body corporate is also concerted to commit the offence. In such an instance, the Board of Directors and other relevant officers of that company shall be made liable for the offence committed along with the body corporate, as the body corporate cannot form a mental element and it was the Board of Directors that should take decisions on behalf of the body corporate. Therefore, deeming provision has provided for such persons to absolve from that responsibility by proving at the trial that the offence was committed without their knowledge. There are two types of penalties available in the penal law of Sri Lanka which include imprisonment period and fine. In some legislations, the imprisonment period has been made mandatory and the court has no discretion in giving a lesser sentence. Another sentence is the death penalty, and the death penalty can only be imposed upon very limited offences in Sri Lanka. However, the death penalty is being converted to a sentence of life in prison.

2.2.2.3 Sentencing Tools for Judges

The availability of a wide range of sentencing tools is useful to improve the quality of judgements. Therefore, a sentencing guideline which amalgamates the unlawful activities given in PMLA, could be issued which could enhance the understanding of Judges on sentencing ML offenders. This initiative will provide an opportunity to the courts to maintain a uniformity in sentencing. However, it has been observed during the assessment that unavailability of a sentencing tool has not affected the judgement.

Considering the above, the effectiveness of ML crime definition has been rated as Very High.

2.2.3 Comprehensiveness of Asset Forfeiture Laws

A comprehensive set of Asset Forfeiture (AF) laws is a prerequisite of an effective investigation. This will enable the Competent Authorities (CAs) of a country to seize, freeze and forfeit proceeds and instrumentalities of crime. Therefore, AF laws should extend to the proceeds and instrumentalities of ML and its predicate offences as well as provide relief for *bona fide* third parties and ensure such parties are safeguarded. The AF procedure of Sri Lanka is set out in sections 7 to 16 of the PMLA, and those sections should be read with sections 3 to 4 of the PMLA. The profits derived from predicate offences are also subjected to AF within the scope of PMLA.

The LEAs have been provided with a legal basis to identify and trace the proceeds or property under the PMLA. This includes carrying out rapid provisional measures, such as seizing or freezing, to prevent the transfer or disposal of the proceeds. These measures include a range of AF tools, including criminal forfeiture, enforcement of foreign Non-Conviction Based (NCB) orders, and administrative forfeiture, consistent with domestic law. Further, Section 124 of the Code of Criminal Procedure Act, No. 15 of 1979 (CCPA) provides that Magistrate can assist investigations in this respect. Accordingly, Section 124 of the CCPA requires every Magistrate to whom the application is made on that behalf shall assist the conduct of an investigation by making and issuing appropriate orders and processes of the court, and may, in particular hold, or authorize the holding of, an identification parade to ascertain the identity of the offender, and for such purpose require a suspect or any other person to participate in such parade, and make or cause to be made a record of the proceedings of such parade. The above fact reveals that the AF framework of the country covers broader scope including proceeds, instrumentalities, profits, and property of corresponding value in order to provide a sound regime for the law enforcement authorities.

Further, the legal framework provides relief for *bona fide* third parties and such parties are safeguarded as well. After a comprehensive investigation is over, the investigating authorities can make an application according to the provisions set out in the PMLA and CCPA to court by conceding to uplift the freezing orders, if such property is found no longer required for any prosecutions.

Considering the above, the comprehensiveness of AF laws has been rated as Very High.

2.2.4 Quality of Financial Intelligence Unit Intelligence Gathering and Processing

The FIU is housed within the CBSL and is having sufficient operational independence and autonomy in accordance with international standards, and it is free from any undue political, government or industry influence or interference, to carry out its functions freely. The FIU has adopted a comprehensive mechanism to maintain the integrity of the staff. The potential candidates are screened before they are recruited and once the staff is allocated to the FIU, such staff members are screened using the screening tool used by the FIU. Once it is confirmed that the staff is free from negative/criminal records, they are required to sign a secrecy declaration form (confidentiality agreement) before the director, FIU. In order to improve and maintain expertise on ML and TF, the FIU staff frequently participates in specialized training/discussions conducted both locally and internationally.

Table 1: Training/Discussions Attended by the staff of Financial Intelligence Unit

	2018	2019	2020	2021	2022
Foreign Trainings/Discussions	30	20	13	19	20
Local Trainings/Discussions	10	16	3	10	7

Source: Financial Intelligence Unit – Sri Lanka

2.2.4.1 Intelligence Management Process

The FIU gathers financial information from RIs in terms of Sections 6 and 7 of the FTRA. The information comprises the periodical threshold-based Cash Transaction Reports (CTRs) and Electronic Fund Transfer

(EFT) reports and STRs. The RIs are required to submit STRs when such an institution has reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any other criminal offence. Further, the FIU receives reactive STRs for which the FIU shares information with the requesting parties, to facilitate the investigations.

Table 2: Suspicious Transaction Reports Reported to Financial Intelligence Unit and Information Requests made by Agencies

	Category	2018	2019	2020	2021	2022
STRs received from RIs and Public	Reporting Institutions	775	1,434	1,963	3,713	1,444
	Public Complaints	20	89	93	112	37
STRs based on information requests by Stakeholders	LEAs, Intelligence Agencies and Competent Authorities ^(a)	227	1,281	1,561	871	500
Total		1,022	2,804	3,617	4,696	1981

(a) LEAs consist of CID, F&CCID, IAID, CTID, etc., Intelligence Agencies consist of SIS, CNI, etc.

Source: Annual Reports, Financial Intelligence Unit – Sri Lanka (2018 - 2022)

The FIU has implemented internationally recognized “goAML” system developed by the United Nations Office on Drugs and Crimes (UNODC) since February 2022 and functioned parallelly with the locally developed “LankaFIN” system in order to improve the quality of the intelligence management process. Further, by the end of 2021, the FIU had entered into Memoranda of Understanding (MOUs) with 12 domestic agencies⁶ to exchange information thereby providing timely access to databases of other domestic agencies and commercial sources, including cross-border currency declarations. These databases are used for the analysis of reports submitted to the FIU. Further, based on the STRs received to the above systems the FIU continuously develops typologies and red flag indicators and shares with RIs for their awareness. Some of such typologies developed during the period from 2021-2022 are given in Annex IV and Annex V.

The Intelligence Management Division of the FIU analyses the reported STRs and refer to LEAs such as CID of Sri Lanka Police, Police Narcotic Bureau (PNB), Sri Lanka Customs, etc., as per the provisions of the FTRA. Such STRs being disseminated, include intelligence analysis reports prepared by the FIU.

Table 3: Referring/Dissemination of Suspicious Transaction Reports during 2018-2022

	2018	2019	2020	2021	2022
Law Enforcement Agencies (LEAs)	256	1,465	2,800	1,081	369
Regulatory Authorities (RAs)	61	9	80	92	68

Source: Financial Intelligence Unit – Sri Lanka

RIs have been submitting the threshold reports (CTRs and EFTs) and STRs to the FIU online through the “LankaFIN” system during the assessed period.

6 LEAs and Competent Authorities

Table 4: Statistics on Periodical Threshold-based Cash and Electronic Fund Transfer Reports (Mn)

Year	2017	2018	2019	2020	2021	2022
No. of CTRs (million)	5.62	5.74	5.25	4.61	5.72	7.64
No. of EFTs (million)	5.34	6.38	7.17	7.33	9.20	10.76
Total (million)	10.96	12.12	12.42	11.94	14.92	18.40

Source: Financial Intelligence Unit – Sri Lanka

Considering the above, the quality of FIU intelligence gathering, and processing has been rated as Very High.

2.2.5 Capacity and Resources for Financial Crime Investigations

CID of Sri Lanka Police is the main investigator of ML, associated predicate offences and AF in the country. At the beginning of the assessment period, the Criminal Investigation Range was the only investigator for ML matters. However, Sri Lanka Police has taken measures to restructure the operations of the Criminal Investigation Range of the Sri Lanka Police by segregating into divisions, where five divisions namely CID, Counter Terrorism Investigation Division (CTID), PNB, Financial and Commercial Crime Investigation Division (F&CCID) and IAID, currently carry out investigations related to ML.

Considering the capacity and resources of the investigators, specific subjective training programmes, seminars, workshops and discussions have been regularly organized by the Sri Lanka Police, FIU and other local and international institutes to provide a sound knowledge of financial products, processes and financial crime and ML typologies and AF. Due to the COVID-19 pandemic situation prevailed in the country, all in-person training and public gatherings were cancelled by health authorities during that time. Therefore, officers participated in online training sessions. Further, the newly established divisions; F&CCID and IAID are in the process of developing the capacity of newly appointed officers in the divisions and providing resources for financial crime investigations.

2.2.5.1 Identification of Assets

Investigators have established a mechanism to identify assets without prior notice to the owner. This mechanism is used to identify assets of identified suspects and their related parties, at instances of suspected narcotics, human trafficking, fraud, cybercrime, etc. According to the powers vested under Section 12 of the PMLA, ML and AF investigators have powers to use compulsory measures to produce records for the search of persons and premises, for taking witness statements, and for the seizure and obtaining of evidence by obtaining a court warrant. Further, the investigators may access the records held by FIs through a court order or the direction of FIU.

2.2.5.2 Investigations on Asset Forfeiture and Money Laundering

The ML investigative agencies such as CID, F&CCID and IAID are aware of the work of ML investigators as well as AF investigators. However, the WG suggests improving the coordination among the different divisions of Sri Lanka Police and provide adequate training to improve the effectiveness of handling cases. Statistics on ML cases handled by different divisions of the CID are mentioned in the below table.

Table 5: Progress of Investigations (2018-2022)

No. of STRs disseminated to LEAs by FIU	1,664
No. of cases opened by LEAs	1,175
Investigations closed without further action	203
No. of indictments	12
No. of cases referred for prosecution	8
Investigations concluded and referred for action other than prosecution	21
No. of convictions	1

Source: Criminal Investigation Department

According to the World Justice Project, during 2022, the timeliness and effectiveness of criminal adjudication system has been below the regional and global average. The WG observed that there were low convictions during the assessment period, since the cases in the High Court have not been concluded due to the complexity of the cases and thereby delays in court process as well as the impact of COVID-19 pandemic situation.

The details on the portion of traced assets that were subsequently frozen during the assessment period are as follows.

Table 6: Criminal Proceeds and Assets Suspended under the Prevention of Money Laundering Act

Asset	CID		IAID	
	Quantity	Value (Rs million)	Quantity	Value (Rs million)
Lands & houses	87	1,121.5	Acres – 29.11, Houses - 05, Shops - 02	684
Vehicles	31	210.6	37	469
Fishing Crafts	7	16		
Gold			6.32 kg	105
Bank Accounts	401	87.8	113	169
Money		34.7	Rs. 84.5 million (in LKR) Rs. 37.5 million (in USD)	122
Others				7
Total		1,470.6		1,556

Sources: Criminal Investigation Department
Illegal Assets Investigation Division

Table 7: Asset Forfeiture Investigations in relation to Different Divisions of the Criminal Investigation Department during the Assessment Period

Division	Number of Investigations
F&CCID	7
CID	45
IAID	9

Source: Criminal Investigation Department

Considering the above, the capacity and resources for financial crime investigations including AF, has been rated as High.

2.2.6 Integrity and Independence of Financial Crime Investigators

The Inspector General of Police (IGP) closely administers the conduct of investigators using Circulars. The responsible officer can initiate an investigation independently. Therefore, they conduct investigations into possible ML cases without political interference, social pressure, corruption, intimidation, or abuse of office. The AF processes are also instituted or terminated without interference, political or social pressure, corruption, intimidation, or abuse of office. Further, according to the World Justice Project, the effectiveness of the criminal investigation system, and the levels of lack of corruption and improper government influence in the criminal system, are above the regional average for 2022.

However, Transparency International Sri Lanka (TISL) is concerned that the lack of urgency in addressing allegations against police officers investigating major corruption cases, could have a detrimental impact on public trust in the justice system. Past incidents, including unwarranted contact between politicians and investigators, illustrate that interference by political authorities undermines the impartiality and credibility of investigations (TISL, 2022). Handbook on Police Accountability, Oversight and Integrity notes that “A culture, valuing loyalty over integrity, facilitates misconduct by keeping it concealed. Any attempt to enhance police integrity needs to be accompanied by measures to enhance transparency and stimulate a culture of openness” (UNODC, 2011). On the other hand, 73 per cent of the public had either a fair amount or a great deal of trust in the judiciary, whereas, in the case of the police, the figure was 57 per cent (Transparency International, 2019) which raises serious concern over the independence of the investigator. Sri Lanka was rated 102nd place on Transparency International’s Corruption Perceptions Index with a score of 37 in 2021 (Transparency International, 2021).

Considering the above, the integrity and independence of financial crime investigators have been rated as Medium High.

2.2.7 Capacity and Resources for Financial Crime Prosecutions

The AGD functions as the prosecutor for ML and associated predicate offences, and AF cases in Sri Lanka. The main functions of the AGD have been divided into four divisions which include civil, criminal, state attorneys, and other divisions with a total number of around 200 staff members who are legal professionals and out of this total number, 30 number of staff members have been allocated to the ML unit of AGD. As at the date of

this report, there are over 58 on going ML cases handled by the AGD, which includes ML stand-alone cases as well as ML cases coupled with other offences. Further, as per the records maintained by the AGD, 58 indictments have been filed in relation to ML cases as of 31st December 2022.

2.2.7.1 Access to Necessary Information

The officers of the AGD can access all necessary documents, information, witnesses and/or other relevant individuals for the purpose of prosecution. In terms of the provisions of the CCPA, the Prosecution has a right to access all documents which ought to be produced in the trial. Further, the Prosecutors have the skills and knowledge to understand the flow of proceeds of crime and present such cases to the court. The provisions of the CCPA enable the Prosecutor to conduct consultations with the investigating officers before the commencement of the trial.

The provision in the law for the Prosecutor to get assistance of experts necessary to support the case is limited. In terms of the Section 393 of the CCPA, Prosecutors are not allowed to participate in the investigation processes and shall only give advice for the investigations. Therefore, there are no provisions in Sri Lankan law that the Prosecutors can directly assign the work to any forensic expert. Nevertheless, in terms of the CCPA, Prosecutors can assist the investigators and recommend assigning a forensic expert where necessary, to support the case. Therefore, this limitation will not affect the effectiveness of the investigation.

Considering the above, the capacity and resources for financial crime prosecutions have been rated as Medium High.

2.2.7.2 Integrity and Independence of Financial Crime Prosecutors

The Prosecutors of AGD act free from undue influence since they enjoy sufficient operational independence and autonomy, display high professional standards and act with integrity. According to the provisions set out in the CCPA, Prosecutors are not allowed to have consultations or meetings with any lay witnesses. Therefore, there is no capability of interfering with the integrity of the Prosecutors regarding any trial with this limited exposure to the witnesses in cases. However, some reports question the independence of the Prosecutor. For example, Centre for Policy Alternatives (2020) shows in a context where the existing framework places the AGD in constant contact with Politically Exposed Persons (PEPs), the functioning of the office will always be open to criticisms of political bias, regardless of the character or integrity of individual holders of the office. This happens due to the critical role played by the AGD as the legal advisor to the government. However, the professionalism of the staff of AGD will balance the allegations.

According to the World Justice Project, Sri Lanka's score for criminal justice has remained between 0.42 to 0.49 during the period from 2015 to 2022. In 2022, Sri Lanka's score for criminal justice was 0.42 which is above the regional average of 0.36 and the country was ranked second place in the region.

Considering the above, the integrity and independence of financial crime Prosecutors have been rated as Medium High.

2.2.8 Capacity and Resources for Judicial Process

ML prosecutions are carried out in the High Courts. The High Court judges who conduct ML and associated predicate offences, and AF cases can function effectively in Sri Lankan context because the judicial function is adequately structured, funded, and staffed by persons with appropriate educational background, training, and skills in order to deliver a fair judgment. The support staff of the judges, the registrar and the staff are appointed considering their skills, qualifications, and experience, by the Judicial Service Commission (JSC) which is an independent commission in Sri Lanka.

The financial, technical, and other resources to perform the functions of the judges are facilitated by the Ministry of Justice in collaboration with the JSC.

2.2.8.1 Money Laundering Case Proceeding before the Court

ML cases are tried before the High Court in terms of the provisions of the PMLA and CCPA. It is important to note that Sri Lanka has a victim-centric prosecutorial system. Accordingly, an indictment is served on the accused and if he pleads not guilty the Prosecutors prosecute him and if found guilty, the accused is sentenced in terms of Section 3(1) of the PMLA.

Currently, ML cases in relation to ML offences such as drugs, fraud, theft, criminal breach of trust, cheating, etc., are being heard in the court. However, the WG observed the lack of ML cases related to bribery and corruption being heard in the court.

2.2.8.2 Specialization in Financial Crimes

In terms of the provisions of the Judicature Amendment Act, No.9 of 2018, permanent High Court at Bar was established to hear, try and determine matters in respect of financial and economic offences including ML, conspiracy and abetment to commit ML, bribery, offences under the CSTFA, and a wide array of offences such as theft, dishonest misappropriation of property, criminal breach of trust, dishonestly receiving stolen property, cheating, forgery, counterfeiting, falsification of accounts all of which are listed in the Schedule 6 to the above Act.

Three judges are nominated by the Chief Justice from judges of the High Court to hear these cases. The permanent High Court at Bar has jurisdiction in respect of offences committed in Sri Lanka as well as outside the territory of Sri Lanka. The Minister of Justice by order published in the Gazette, with the concurrence of the Chief Justice can designate permanent High Court at Bar for any province. The purpose of establishing the permanent High Court at Bar is to hold and conclude complex cases pertaining to grave financial crimes expeditiously. Also, under exceptional circumstances, these cases will be heard day-to-day to ensure expeditious disposal.

2.2.8.3 Skills of Judges

The judges in Sri Lanka maintain the necessary skills and experience to adjudicate ML cases. An Attorney-at-Law can enter the judiciary as a Magistrate with a minimum of 5 years of active practice and higher education (Master's degree in Law) and they should pass a competitive examination to join the service. The judicial officers are being trained by Sri Lanka Judges' Institute (SLJI). Further, the Judges have participated for the following trainings conducted by SLJI, which focuses specifically on ML.

Table 8: Money Laundering Related Training Programmes Organized by Sri Lanka Judges' Institute

Year	No. of ML related training programmes held	Participants
2018	02	All High Court Judges
2019	01	All High Court Judges
2020	01	85 District Judges and Magistrates

Source: Ministry of Justice

Considering the above, the capacity and resources for Judicial processes have been rated as High.

2.2.9 Integrity and Independence of Judges

The Constitution of Sri Lanka of 1978 and the Judicature Act provide a comprehensive framework for protecting judicial independence and integrity. The Constitution also provides for the creation of the JSC, an independent institution vested with powers of administration over Courts of First Instance. Interference with the decisions or members of the JSC is a punishable offence, and members of the JSC are granted immunity for acts done in good faith in the performance of their duties (S.L. Const. Art. 111(K), 111 (L)).

Therefore, the Judges are able to act free from political or social influence and they enjoy sufficient judicial independence and autonomy, display high professional standards and act with integrity in delivering justice. Therefore, safeguards are in place to preserve the integrity of the judges.

Considering the above, the integrity and independence of Judges have been rated as Medium High.

2.2.10 Quality of Border Controls

Sri Lanka has identified some borders which are known as routes for smuggling trade goods, people, drugs, arms, etc., and can also be abused for smuggling cash. Certain instances have revealed that vessels have been involved in exchanging Kerala Marijuana from India and Sri Lanka sea borders. Due to the COVID-19 pandemic in India, Sri Lankans who were residing in India have arrived in Sri Lanka.

Sri Lanka has established a strong border control system to prevent illegal border passes. Illegal border passing is experienced in either sea-borne or air-borne modus centered on Sri Lanka. Sea-borne methods using fishing vessels have drastically dropped for years. The border control system has prevented a couple of instances of people being smuggled into Canada, EU, Australia, etc., during the past. Sri Lanka coast guard and Navy have successfully discouraged such attempts. Air-borne smuggling with fake documents has been significantly dropped with the establishment of new investigation units (Border Surveillance Unit, Risk Assessment Centre) adhered to the Department of Immigration and Emigration.

Sri Lanka Customs has intensified its surveillance on increasing foreign currency smuggling amidst the country's worsening forex crisis. Below are a few examples of instances where assets being carried were discovered and seized during border crossing.

- Sri Lanka Customs on December 24, 2021 seized foreign currency, including US Dollars, Euros and Sterling Pounds, worth over Rs. 65 million from seven individuals at the Bandaranaike International Airport.

- On January 29, 2022, five Sri Lankans were arrested by the Narcotics Division for trying to smuggle foreign currency consisted of USD 95,000, Euro 18,000 and Saudi Riyal 37,000 out of the country to Dubai.
- On January 20, 2022, Customs arrested five more suspects for the attempted smuggling of foreign currency worth Rs. 42 million to Dubai, UAE. The currency consisted of USD 22,300, Euro 63,500, Saudi Riyal 292,000, Sterling Pound 8,725 and UAE Dirham 75,000 hidden inside luggage.
- A businessman had been taken into custody on November 23, 2021 when he attempted to smuggle foreign currency valued at over Rs. 14 million to Dubai, from the Bandaranaike International Airport. Rs. 10 million in Sri Lankan currency and USD 25,000 were recovered from the hand luggage of the suspect.
- Considering the above, the quality of border controls has been rated as Medium.

2.2.11 *Comprehensiveness of Customs Regime on Cash and Similar Instruments*

Sri Lanka has established a mechanism where passengers entering/leaving Sri Lanka are required to declare their baggage in the Passenger Baggage Declaration Form, where currency, Travelers' Cheques, Drafts, etc., in their possession exceed a certain threshold. Such declaration of the currency and negotiable bearer instruments in the said Passenger Baggage Declaration is subject to regulation 2213/39 of 03.02.2021 published under the Foreign Exchange Act, No.12 of 2017 (FEA) which defines the threshold.

In an instance a passenger does not make a declaration or makes a wrong declaration as required above, it will be considered a violation of Section 107A of the Customs Ordinance and the currency and negotiable bearer instruments can be forfeited under the same Section.

There is an established requirement where every person importing/exporting goods to/from Sri Lanka has to make a Customs Declaration (CusDec) as specified in Customs Notification published in Extraordinary Gazette No. 1786/10 of 29.11.2012 issued under section 47 and section 57 of the Customs Ordinance. Failure to do so will be considered a violation of Section 107 of the Customs Ordinance and the goods can be forfeited under the same Section.

There are no specific provisions in the Customs Ordinance to stop or restrain currency and bearer negotiable instruments that are suspected to be related to ML. However, in terms of Section 12 read with Schedule B of the Customs Ordinance any article the importation/exportation of which is restricted or prohibited under any other law can be intercepted by Sri Lanka Customs and action can be taken either under the Customs Ordinance or under the law where the restriction/prohibition is made. Further, Section 25 of the FTRA provide for an authorized officer to seize and, detain any cash or negotiable bearer instruments which is being imported into, or exported from Sri Lanka in any form or manner, which is suspected to be derived from or intended to be used in the commission of an unlawful activity as set out in the FTRA.

The present practice of importing and exporting gems has been identified as a high-risk area in the transfer of foreign exchange from and to Sri Lanka. It is necessary to review the current procedure and the directions issued on the "Gem Declaration Fee" to avoid any abuse of facilitations offered to promote the international trading of precious stones.

The WG is of the view that a proper system has to be established for coordinated monitoring of the cross-border movement of foreign currency, precious stones and metals from and to Sri Lanka. Further, a more comprehensive and stronger legal framework must be established to enable Sri Lanka Customs to take necessary action in implementing AML/CFT law.

Considering the above, the comprehensiveness of Customs regime on cash and similar instruments has been rated as Medium.

2.2.12 Effectiveness of Customs Controls on Cash and Similar Instruments

Sri Lanka has taken various measures and procedures to inform all the passengers regarding any limitations on cash transportation, their relevant declaration/disclosure duties, and the legal consequences of any violation. The awareness related to limits of foreign currency and negotiable bearer instruments and the legal responsibility to make a declaration to Customs is given to the departing and arriving passengers by the following methods.

- Publishing relevant regulations in the government gazette.
- Displaying the relevant legal provisions at the key places of the airport.
- Announcing the relevant legal requirements in the aircraft just before landing during arrivals.
- Placing Passenger Baggage Declaration forms along the pathway of passenger movement.

According to the present legal provisions, the passenger is legally obliged to make a declaration to the Sri Lanka Customs where required. The Custom officers deployed at the airport use the available documents such as the passenger list submitted by the airlines and the flight details to screen passengers.

Sri Lanka Customs has sufficient human resources to screen and physical search passengers. For arriving passengers, Sri Lanka Customs has its baggage scanning machines and body scanning machine. At the departure area, Sri Lanka Customs is sharing the scanners operated by the airport security staff. Therefore, the WG is of the view that Sri Lanka Customs has to acquire technology and more equipment to detect unauthorized/illegal cash transportation by persons.

Sections 24 to 26 of the FTRA provide for currency reporting at the borders. These provisions include seizure or detention of cash and negotiable bearer instruments. Related offences and applicable punishments have been set out in Section 27 of the FTRA. However, the FEA does not identify offences. Therefore, it is observed that the controls imposed by the FEA cannot be effectively enforced by Sri Lanka Customs. Section 107A of the Custom Ordinance describes the controls on incoming and outgoing passengers that are to be implemented. Sections 47 and 57 of the Customs Ordinance also contain provisions related to the controls on the import and export of commercial goods.

Considering the above, the effectiveness of Customs controls on cash and similar instruments has been rated as Medium.

2.2.13 Effectiveness of Domestic Cooperation

The domestic cooperation mechanism of the country is developed around the NCC. The national-level issues are discussed at the NCC. The FIU meets regularly with Sri Lanka Police to share information to assist in investigations. The FIU also conducts external STR review meetings regularly with the nominated officers of AGD to share financial intelligence with LEAs. A separate unit of the CID has been placed within the CBSL premises under the FIU, to strengthen the coordination between the FIU and the LEAs. The FIU has entered into MOUs in terms of Section 15 (1) (r) of the FTRA with some domestic stakeholders to strengthen the domestic cooperation. As at the end of 2022, the FIU had entered into 11 such MOUs with domestic stakeholders as mentioned in the table below.

Table 9: MOUs with Domestic Agencies as at 31.12.2021

No.	Year	Institution	Signed date
01	2010	Sri Lanka Customs	14.05.2010
02	2016	Department of Immigration and Emigration	27.09.2016
03	2016	Department of Inland Revenue	19.10.2016
04	2017	Department for Registration of Persons	11.01.2017
05	2017	Sri Lanka Police	13.12.2017
06	2018	Securities and Exchange Commission of Sri Lanka	19.06.2018
07	2018	Insurance Regulatory Commission of Sri Lanka	01.08.2018
08	2018	Department of Motor Traffic	01.11.2018
09	2019	Condominium Management Authority	28.08.2019
10	2019	National Gem and Jewellery Authority	28.08.2019
11	2019	INTERPOL National Central Bureau for Sri Lanka	11.10.2019

Source: Financial Intelligence Unit – Sri Lanka

Sri Lanka does not have an established legal framework that allows for joint investigations by relevant investigative units. However, such investigations are undertaken by LEAs, where required. The main investigator of the country is Sri Lanka Police. However, in respect of the investigations which are conducted by different units of Sri Lanka Police, these units interact with each other within the institutional framework.

Other authorities such as Sri Lanka Customs, Child Protection Authority/Women and Child Bureau, CIABOC, etc., which conduct investigations on predicate offences, also cooperate when and where necessary. The FIU has established an effective cooperation between the FIU, reporting entities and investigators by introducing the internationally recognized “goAML” reporting system. Further, the AGD, investigators and the FIU collaboratively attend ML cases and the FIU shares information with Inland Revenue Department (IRD) and other regulatory authorities as and when necessary. Moreover, Sri Lanka Police obtains necessary information from relevant stakeholders to carry out investigations, by way of court orders. Pandora papers case is one of the well-known cases where effective domestic cooperation had been portrayed.

Considering the above, the effectiveness of domestic cooperation has been rated as High.

2.2.14 Effectiveness of International Cooperation

Sri Lanka has established an active and effective mechanism to maintain international cooperation in relation to ML, associated predicate offences, related financial crime investigations and prosecutions and AF matters. The Secretary to the Ministry of Justice is the central authority responsible for MLA. The Ministry of Foreign Affairs acts as a conduit for the transmission of information. Requests for MLA are usually received by the Ministry of Foreign Affairs or directly from foreign missions. The legal regime pertaining to providing MLA in criminal matters in Sri Lanka was enacted initially in the year 2002 in terms of Mutual Assistance in Criminal Matters Act, No. 25 of 2002 and subsequently amended by Act, No. 24 of 2018.

Table 10: Summary of Mutual Legal Assistance Requests

Year	2016	2017	2018	2019	2020	2021
Requests received	25	26	5	12	6	12
Requests made	64	63	27	17	7	2

Source: Ministry of Justice, Prison Affairs and Constitutional Reforms

On the other hand, the FIU utilizes Egmont Secure Web (ESW) and has entered into 44 MOUs (as of August 2023) with foreign counterparts for information and intelligence sharing. Further, all the information requests sent to the FIU Sri Lanka by foreign FIUs, are being prioritized and responded with relevant information.

Table 11: Information Sharing through Egmont Secure Web

Year	2016	2017	2018	2019	2020	2021	2022
Requests received	27	50	24	40	15	33	27
Requests made	36	54	70	58	35	21	35

Source: Financial Intelligence Unit – Sri Lanka

The FIU also functions as a key stakeholder in helping LEAs in international cooperation in ML investigations. Further, Sri Lanka police cooperates with INTERPOL, ARIN-AP network, and the foreign Diplomatic missions in Sri Lanka.

Considering the above, the effectiveness of international cooperation has been rated as High.

2.2.15 Availability of Independent Audit

Sri Lanka has established a sound regime of independent auditing practices by enacting the Sri Lanka Accounting and Auditing Standards (SLAAS) Act, No. 15 of 1995. The SLAAS requires auditors to conduct the audit and report to shareholders in accordance with Sri Lanka Auditing Standards (SLAuSs) and that all reporting entities are required to prepare the financial statements and present them in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs). The LKASs/SLFRSs represent the international financial reporting standards in the local context. Further, Section 154 of the Companies Act, No.7 of 2007 requires appointing an auditor and submitting the financial statements and audit report to shareholders annually for all limited liability companies. The mechanism established in Sri Lanka regarding the rotation of auditors is determined by the Code of Ethics issued by ICASL. Accordingly, Sections 290 and 149 state that in respect of

an audit of a public interest entity, an individual shall not be a key audit partner for more than seven years. After such time, the individual shall not be a member of the engagement team or be a key audit partner for the client for two years. During that period, the individual shall not participate in the audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.

The directions issued by the CBSL to the LBs state that the engagement of the audit partner shall not exceed five years and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. On the other hand, LFCs and auditors are required to adhere to the provisions of Corporate Governance Direction No.5 of 2021 issued under the FBA. Section 10.2 (d) (ii) of the direction states that the engagement of an audit partner shall not exceed five years and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, LFC shall not use the service of the same external audit firm for not more than ten years consecutively. However, there is no provision to rotate independent auditors and audit firms every 5-7 years in the Sri Lankan context other than rotating the audit partner periodically in terms of the above-discussed guidelines/regulations.

The integrity breaches by independent auditors/audit firms are dealt with by the code of conduct of the Institute of Chartered Accountants of Sri Lanka (ICASL) through the Professional Conduct (Ethics Committee) of ICASL. Further, if any violations/breaches of accounting /auditing standards are identified by the SLAASMB, they will be reported to the Professional Conduct Committee which will deliberate each incident and propose the action plan to the Council of Chartered Accountants of Sri Lanka. The SLAASMB evaluates the disclosures of audited entities and independent auditors. The details on enforcement actions made by the SLAASMB is as mentioned in the table below.

Table 12: Enforcement Actions made by the Sri Lanka Accounting and Auditing Standards Monitoring Board

Year	No. of letters of warning	No. of cases referred to Attorney General	Letters issued for non-compliance
2017	2	3	185
2018	2	-	12
2019	2	-	15
2020	-	1	4
2021	1	1	12

Source: Sri Lanka Accounting and Auditing Standards Monitoring Board

Considering the above, the availability of independent audit has been rated as Close to Excellent.

2.2.16 Level of Financial Integrity

Sri Lanka has developed a comprehensive mechanism to maintain a high level of financial integrity. Accordingly, business entities and professions are required to adhere to practices of good corporate governance, tax compliance and a generally high level of business ethics, as evidenced by appropriate codes of conduct.

On the other hand, revenue officers are also required to follow a code of conduct such as responsibility, personal behaviour, rules and regulations, official duties, and non-discriminations. The tax framework of the country is developed assigning responsibilities to Sri Lanka Customs, Excise Department, and IRD under the relevant statutes. IRD is the main entity responsible for handling the inland revenue of the government.

The tax regime of the country requires a high level of tax transparency which requires natural and legal persons to provide extensive information about their income and assets to the IRD. Section 91 of the IRA requires a person who expects to derive an assessable income during a year of assessment to submit a statement of estimated income tax payable to the Commissioner General on the 15th of August every year. Further, as per Section 93, subject to Section 94, every person shall file with the Commissioner General a return of income for a year of assessment on the 30th of November of every year. Sections 35 and 189 of the IRA deals with tax avoidance and tax evasion. Sections 135(2), 166(1) and 180 deal with tax fraud.

Serious financial crimes including false tax declarations, failure to adhere to the codes of conduct, misleading financial records, and the existence of different books of accounts for tax purposes are dealt with in the provisions of IRA. Section 181 and 190 of the IRA deals with the false tax declarations and sanctions available to deal with such declarations.

Table 13: Number of Serious Financial Crimes Identified by the Inland Revenue Department

Description	2016	2017	2018	2019	2020	2021
False tax declarations	33	253	148	2	16	5

Source: Inland Revenue Department

Table 14: Sanctions Imposed on Identified Serious Financial Crimes (Rs. million)

Description	2016	2017	2018	2019	2020	2021
False tax declarations	1.6	2.9	21.1	0.1	116.9	-

Source: Inland Revenue Department

Financial crimes are offences in Sri Lanka. However, tax evasion is not a predicate offence under the AML/CFT regime of Sri Lanka. Therefore, LEAs do not have the power to access information held by the IRD when they investigate crimes related to ML.

Further, the SEC conducts investigations into any alleged violation on contravention to the provisions of the Securities Exchange Commission Act, No. 19 of 2021, and any regulation, rule, directive or instruction given thereunder. The SEC is responsible for taking necessary steps for ensuring the integrity of the securities market. Accordingly, the following actions have been taken by the SEC for non-compliance during the period from 2017 to 2022.

Table 15: Actions taken by the Securities and Exchange Commission of Sri Lanka for non-compliance during the period 2017 - 2022

Offense	Enforcement Action
Insider Dealing	6 Warning Letters
Market Price Manipulation	3 Warning Letters
	3 Compounding
Failure to immediately disclose material information	1 Compounding
	1 Conviction
Submission of false/fictitious financial statements to the SEC	1 Compounding
Other	4 Warning Letters

Source: Securities Exchange Commission of Sri Lanka

Considering the above, the level of financial integrity has been rated as Medium.

2.2.17 Effectiveness of Tax Enforcement

IRD has been given adequate resources to enhance its capacity. Sri Lanka has established a comprehensive legal framework, including the provision of adequate powers for obtaining information and an appropriate regime of sanctions to deter and penalize non-compliance with tax laws. Section 123 of the IRA provides a wide range of powers to the IRD to obtain information from taxpayers and Section 176 of the IRA provides a wide range of powers to the IRD to impose sanctions and penalties for non-compliance.

Table 16: Tax Collection Efficiency of the Inland Revenue Department

Description	2016	2017	2018	2019	2020	2021
Cost of Collection per 100/-	0.63	0.52	0.46	0.44	0.86	0.72
Cost of Collection per 100/-, excluding Value Added Tax, Nation Building Tax and Economic Service Charge on import	0.84	0.67	0.58	0.54	1.03	0.90

Source: Performance Report (2020), Inland Revenue Department

The IRD conducts tax audits regularly in order to improve voluntary compliance by detecting and distinguishing those who do not pay the right amount of tax. Such detection ensures the integrity of a self-assessment tax system.

Table 17: Details of Tax Audits and Integrity of Tax Officers

Description	2016	2017	2018	2019	2020	2021
Number of tax audits	7,790	1,221	5,685	9,470	788	1,477

Source: Inland Revenue Department

The IRD is empowered to take action for noncompliance with the provisions of the legal framework. Sections 35 and 189 of the IRA deals with tax avoidance and tax evasion. Sections 135(2), 166(1) and 180 deal with tax fraud.

Table 18: Details of Fines and Penalties imposed by the Inland Revenue Department for False Declarations

Description	2016	2017	2018	2019	2020	2021
Fines and Penalties (Rs. million)	1.6	2.9	21.1	0.1	116.9	-

Source: Inland Revenue Department

Considering the above, the effectiveness of tax enforcement of the country has been rated as Medium High.

2.2.18 Formalization Level of Economy

The economy of Sri Lanka has been structured in a way that the informal sector contributes a sizable portion of employment. WB (2020) reveals that around 70 per cent of the workforce of Sri Lanka is informally employed and there are generally three reasons to be concerned about high informality namely poverty, productivity, and public finance. International Labour Organization (2022) also states that almost two-thirds of total employment in Sri Lanka is in the informal sector. Department of Census and Statistics (DCS) (2021) also reveals that the total employment contribution to the informal sector in Sri Lanka in 2021 is 58.4 per cent. On the other hand, the DCS (2021) further adds that the Households and Non-Profit Institutions Serving Households sector has contributed 41.1 per cent of the gross value added of the economy in 2021. There is a limitation of laws and regulations requiring the formalization of economic activities of an informal economy.

Considering the above, the formalization level of the economy has been rated as Close to Nothing.

2.2.19 Availability of Reliable Identification Infrastructure

The Department for Registration of Persons (DRP) is the only institution vested with the authority to establish a National Persons Registry as an electronic data system and issue National Identity Cards (NICs). The DRP has been established under the Registration of Persons Act, No. 32 of 1968. DRP has a fully comprehensive national identification system which is primarily based on the demographic data of citizens who are of the age 15 years or above. A birth Certificate is the most convenient document to get the information for issuing the NIC. Basic information should get certified through the *Grama Niladari* Divisional Secretary and be fed to DRP main system. DRP is working towards introducing a new identity card with highly secured characteristics, called the Interim National Identity Card of International Civil Aviation Organization Standards soon to establish the identity of Sri Lankan citizens.

DRP also facilitates checking identity card details through the "NIC LOOK UP" to verify the authenticity of the NICs issued by the DRP. This system can be accessed by FIs for their CDD purposes. However, the FIs believe that the current system and practices are not ideal for their intended purposes due to the below reasons.

- Limitations in available information due to the system not being updated regularly.
- Automation is not possible due to the non-availability of Application Programming Interface in the DRP system.
- Limitations in accessibility to the DRP system due to lack of capacity of the system.
- Non-availability of direct links to access databases of Government Authorities such as IRD, Department of Immigration and Emigration, Department of Motor Traffic, Sri Lanka Customs, SEC, Department of Registrar of Companies (DRC), etc., which are relevant to conducting comprehensive CDD and verification by Banks.

- Issuance of a unique identification number at birth will build very accurate databases with useful history records while building confidence among citizens.

Considering the above, the availability of reliable identification infrastructure has been rated as Medium High.

2.2.20 Availability of Independent Information Sources

Sri Lanka has established a mechanism to make available independent and reliable information to RIs. Credit Information Bureau of Sri Lanka (CRIB) was established by the Credit Information Bureau of Sri Lanka Act, No. 18 of 1990 in order to facilitate shareholder lending institutions. The CRIB is engaged in collecting and collating, credit, and financial information on borrowers of lending institutions and providing credit information on request to shareholder lending institutions and simultaneously to borrowers to whom such information relates and to instill credit discipline in the financial sector. However, access to the information held by CRIB has been limited and RIs have limited reliance on the said information system.

Further, RIs can obtain information from the employer of their customers and can request customers to provide utility bills. The CDD rules which were issued to FIs, DNFBPs, and Insurance Companies (ICs) require the relevant institutions to verify the address of the customer if the residential address differs from the permanent address, with a utility bill, not over three months old or any other reliable proof of residence. The RIs also have subscribed to commercially available databases which can be used to strengthen the CDD process.

Considering the above, the availability of independent information sources has been rated as Medium.

2.2.21 Availability and Access to Beneficial Ownership Information

Registrar of Companies is responsible for incorporating legal persons (companies) in terms of the provisions of Companies Act, No. 7 of 2007. Accordingly, the incorporated companies under Section 120 require making available specified records for public inspection which include a certificate of incorporation, articles of association, share register, register of directors and secretaries, and particulars of the registered office. The records on shareholders, directors and secretaries and such information need to be up-to-date and accurate. The information so recorded can be obtained under Section 483 of the Act.

However, a comprehensive central depository is not available to collect information on Beneficial Ownership (BO) in Sri Lanka. During the CDD process RIs are required to obtain BO information. The FIU has issued the following guidelines to the RIs on the identification of beneficial ownership.

- Guidelines on Identification of Beneficial Ownership for Financial Institutions No. 04 of 2018.
- Guidelines for Designated Non-Finance Businesses on Identification of Beneficial Ownership, No. 02 of 2019.

Accordingly, several incidents of non-compliance have been identified during the assessment period in relation to the aforementioned Guidelines.

Despite the limitation of a central depository, LEAs and regulators have been able to obtain information on BO from the DRC to facilitate investigations as and when required. However, a mechanism is being implemented to obtain the BO information of corporations by reporting institutions and professions, to facilitate their customer due diligence requirements.

Trust Ordinance (Amendment) Act, No. 06 of 2018 introduced amendments to the Trust Ordinance, to include beneficial ownership information register for express trust maintained within Sri Lanka. The register is to be kept with the Registrar General and updated every three months to the greatest extent possible.

Considering the above, the availability and access to BO information has been rated as Medium High.

2.3 Sectoral Vulnerability

The overall sectoral vulnerability for ML was assessed considering the vulnerability of different financial and non-financial sectors of the economy. The overall sectoral vulnerability for ML has come down in 2022 because of various measures taken by Sri Lanka to improve institutional compliance. Accordingly, the sectoral vulnerabilities to ML as per sectoral assessments, are shown below.

Table 19: Sectoral Vulnerability

Sector	Rating
Banking	Medium
Security Stockbrokers	Medium
Security Primary Dealers	Medium
Security Units Trusts & Investment Managers	Medium Low
Insurance Sector	Medium Low
Casino	Medium
Real Estate	Medium
Gem and Jewellery	Medium
Accountants	Medium Low
TCSPs	Medium Low
Lawyers and Notary Public	Medium
Other Financial Institutions- MVTs Providers	Medium
Other Financial Institutions - EMS Providers	Medium
Other Financial Institutions – RDs	Medium
Other Financial Institutions - LFCs	Medium
Other Financial Institutions - SLCs	Medium Low
Other Financial Institutions - LMFCs	Medium Low
Other Financial Institutions – CSs	Medium Low
Other Financial Institutions – Samurdhi Banks	Medium Low
Other Financial Institutions - Unregulated Financial Institutions -MFIs	Medium
Other Financial Institutions - Unregulated Financial Institutions -Hawala/Hundi	High
Other Financial Institutions - Unregulated Financial Institutions -IPBs	Medium Low
Other Financial Institutions - Unregulated Financial Institutions - IMLs	Medium

Figure 1: National Money Laundering Vulnerability

