

THE INFORMATION BROCHURE FOR CUSTOMERS OF GEM & JEWELLERY DEALERS



ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

WHAT IS THE FINANCIAL INTELLIGENCE UNIT?

- Financial Intelligence Unit – Sri Lanka (FIU-SL) which was established in 2006 is an independent institution under the Ministry of Finance and functioning via the administrative arrangements under the Central Bank of Sri Lanka since 2007.
- It works as the apex institution to act against Money Laundering and Terrorist Financing activities in Sri Lanka.
- The Financial Intelligence Unit with the collaboration of relevant other regulators and licensing bodies in the financial market as well as non-financial market of Sri Lanka and also law enforcement agencies in the country acts for the effective implementation of Global Anti-Money Laundering and Countering the Financing of Terrorism standards /recommendations.

WHAT IS MONEY-LAUNDERING AND TERRORIST FINANCING (ML AND TF)?

- Money Laundering is a process where criminals attempt to hide the origin or ownership of the proceeds, gains or funds of criminal activities. They launder proceeds of crimes to avoid prosecution, conviction or confiscation of criminal funds or property.
- Terrorist Financing is an activity that provides financial support to terrorist acts, individuals and/or groups. Financing for terrorism can be derived from a variety of sources and they could be legal, illegal, or a combination of both.

WHAT IS THE DIFFERENCE BETWEEN ML AND TF?

- In Money Laundering, the funding source is always an illegal and a criminal activity. The goal of money laundering is to create the appearance of legitimacy for illegally obtained proceeds, gains or funds.
- Terrorist Financing involves legitimate or illegitimately obtained proceeds, gains or funds. The goal is to use them for terrorism or terrorist activities.
- Money Launderers and Terrorist Financiers both use weaknesses in the legitimate financial system to launder illegally earned proceeds and finance terrorism respectively.

WHY WE SHOULD FIGHT AGAINST ML AND TF?

- ML & TF bring disadvantageous consequences to entire society, economy and the country as a whole by corrupting the entire financial system. These activities suppress the advantages of genuine business and economic activities.
- Eventually, the whole community will have to undergo various hardships such as being subject to international sanctions, losing of foreign investments etc.

WHAT ARE THE PREVAILING ANTI MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CFT) OBLIGATIONS APPLICABLE FOR CUSTOMERS OF GEM & JEWELLERY DEALERS?

- There are Anti Money Laundering and Countering the Financing of Terrorism control measures which are issued by the FIU for the Gem & Jewellery sector.
- The FIU has instructed Gem & Jewellery dealers to obtain the following basic information in order to identify their customers, as per the sections of the Designated Non-Finance Business (Customer Due Diligence) Rules No.1 of 2018
 - Full name
 - Permanent address
 - Occupation, employer's name, business or principal activity
 - A copy of identification document with a photograph
 - Date of birth
 - Nationality
 - Source of funds
 - Purpose of transaction

- Telephone numbers
- Details of the ultimate beneficiary (beneficial owner of the transaction), if the customer is a legal person or a legal arrangement.
- Customers' knowledge on legal requirements will be much beneficial in discouraging Money Laundering and Terrorist Financing attempts by criminals.

HOW SHOULD THE CUSTOMERS OF GEM & JEWELLERY DEALERS ASSIST THE GEM & JEWELLERY DEALERS TO DETECT AND PREVENT ML/TF ATTEMPTS?

- The support and co-operation of all customers are required in this globally accepted practice of receiving basic details from customers of Gem & Jewellery dealers in mitigation of Money Laundering and Terrorist Financing risk.
- Your reluctance to provide above basic information may lead the Gem & Jewellery dealers to form a suspicion against you/your intended transaction and report about such suspicion to the FIU.

WHY THE CUSTOMERS' ASSISTANCE IN IMPLEMENTING AML/CFT MEASURES IN THE GEM & JEWELLERY SECTOR IS SO IMPORTANT AT NATIONAL AND INTERNATIONAL LEVELS?

- Converting illegal proceeds into legitimate proceeds using legitimate economic activities such as purchase of Gem & Jewellery as well as financing of terrorism or any terrorist activities are illegal as they are harmful for legitimate market economies.
- There are global standards that every country should comply to act against Money Laundering and Terrorist Financing as they are damaging global financial market.
- Hence, customers' understanding and willingness to provide information is vital in preventing Money Laundering and Countering Terrorist Financing efforts and thereby enhancing the country's image among international community as a prospective investment destination.

Contact the FIU to know about AML/CFT compliance measures for Customers of Gem and Jewellery Dealers in detail

WHERE CAN YOU GET MORE INFORMATION?

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