

PRESS RELEASE

✉ Communications Department, 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka
☎ +94 11 2477424 / +94 11 2477423 📠 +94 11 2346257
@ communications@cbsl.lk / dcommunications@cbsl.lk 🌐 www.cbsl.gov.lk



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Financial Intelligence Unit

Date 12th December 2022

Imposition/ Collection of Administrative Penalties by the Financial Intelligence Unit (FIU) to Enforce Compliance on Financial Institutions from 01 July 2022 to 16 November 2022.

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

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. 10.75 million in total from 01 July 2022 to 16 November 2022 to enforce compliance on Financial Institutions. The money collected as penalties were credited to the Consolidated Fund.

1. DFCC Bank PLC

Date of Imposition : 08 September 2022
Amount : LKR 4,000,000.00 (Rupees four million)
Date of Payment : 07 October 2022

Reason for the imposition of the penalty:

The administrative penalty was imposed for failure to adhere to directions issued by the FIU and non-compliance with provisions of FTRA (Section 2, 5 (b), 6 and 14 (1) (b) (iii)) and Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (CDD Rules) 7, 8, 9, 10 and 27(2).

2. People's Bank

Date of Imposition : 08 September 2022
Amount : LKR 2,000,000.00 (Rupees two million)
Date of Payment : 11 October 2022

Reason for the imposition of the penalty:

The administrative penalty was imposed for failure to screen all existing business relationships to ensure that no business relationship is held by or linked to any of the entities or individuals included in the designated list as the bank had been maintaining business relationship with persons who are designated under United Nations Regulations No. 1 of 2012.

3. Bank of Ceylon

Date of Imposition : 13 October 2022
Amount : LKR 3,000,000.00 (Rupees three million)
Date of Payment : 14 November 2022

Reason for the imposition of the penalty:

The administrative penalty was imposed for failure to screen all existing business relationships to ensure that no business relationship is held by or linked to any of the entities or individuals included in the designated list as the bank has been maintaining business relationship with a person who is designated under United Nations Regulations No. 1 of 2012.

4. National Development Bank PLC

Date of Imposition : 13 October 2022
Amount : LKR 1,000,000.00 (Rupees one million)
Date of Payment : 14 November 2022

Reason for the imposition of the penalty:

The administrative penalty was imposed for failure to adhere to directions issued by the FIU and non-compliance with provisions of FTRA (Section 2, 5 (b), 6 and 14

(1) (b) (iii)) and Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (CDD Rules) 7, 8, 9, 10 and 27(2).

5. National Savings Bank

Date of Imposition : 13 October 2022
Amount : LKR 750,000.00 (Rupees Seven Hundred and Fifty Thousand)
Date of Payment : 14 November 2022

Reason for the imposition of the penalty:

The administrative penalty was imposed for failure to maintain all relevant United Nations Security Council Resolution (UNSCR) lists of designated persons and entities as the bank did not maintain lists that included the designated persons and entities issued under the United Nations Regulations No. 1 of 2012 in the Extraordinary Gazette no. 2076/18 dated 20.06.2018, Gazette no. 2124/32 dated 23.05.2019 and Gazette no 2140/16 dated 09.09.2019. Although lapses in systems and procedures were observed, instances of business relationships with designated individuals or entities maintained by National Savings Bank were not revealed during the on-site examination.