

ANNUAL REPORT 20 25

FINANCIAL INTELLIGENCE UNIT



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ANNUAL REPORT

2025



FINANCIAL INTELLIGENCE UNIT OF SRI LANKA

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List of Acronyms

ADB	- Asian Development Bank
AML	- Anti-Money Laundering
APG	- Asia Pacific Group on Money Laundering
ATM	- Automated Teller Machines
BASL	- Bar Association of Sri Lanka
BIMSTEC	- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BOD	- Board of Directors
BSD	- Bank Supervision Department
CAs	- Competent Authorities
CBS	- Centre for Banking Studies
CBSL	- Central Bank of Sri Lanka
CDD	- Customer Due Diligence
CDD Rules for FIs	- Financial Institutions (Customer Due Diligence) Rules, No.1 of 2016
CDD Rules for DNFBPs	- Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018
CDMs	- Cash Deposit Machines
CEO	- Chief Executive Officer
CFT	- Countering the Financing of Terrorism
CID	- Criminal Investigation Department
CIABOC	- Commission to Investigate Allegations of Bribery or Corruption
CIDA	- Construction Industry Development Authority
CFIR	- Call for Information Requests
CO	- Compliance Officer
CPF	- Countering the Proliferation Financing
CRMs	- Cash Recycle Machines
CSTFA	- Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
CTRs	- Cash Transaction Reports
CTID	- Counter Terrorism and Investigation Division
CTRs	- Cash Transactions Reports
DFE	- Department of Foreign Exchange
DIRD	- Deposit Insurance and Resolution Department
DNFBPs	- Designated Non-Finance Businesses and Professions
DPMS	- Dealers of Precious Metals and Stones

DPRK	- Democratic People's Republic of Korea
DRC	- Department of Registration of Companies
DRP	- Department of Registration of Persons
DSNBFI	- Department of Supervision of Non-Bank Financial Institutions
EAG	- Eurasian Group on Combating ML/TF
ECOFEL	- Egmont Centre of FIU Excellence & Leadership
EDD	- Enhanced Due Diligence
EFTs	- Electronic Fund Transfers
EFTCs	- Electronic Fund Transfer Cards
ESW	- Egmont Secure Web
FATF	- Financial Action Task Force
FDMD	- Financial Data Management Division
FCRD	- Financial Consumer Relations Department
FEA	- Foreign Exchange Act, No. 12 of 2017
FIs	- Financial Institutions
FIU	- Financial Intelligence Unit
FTRA	- Financial Transactions Reporting Act, No. 6 of 2006
G&J	- Gem and Jewelry
IAs	- Intelligence Agencies
ICASL	- Institute of Chartered Accountants of Sri Lanka
ICs	- Insurance Companies
ICOs	- Initial Coin Offerings
IFT	- International Fund Transfer
IMF	- International Monetary Fund
IMVTS	- Informal Money or Value Transfer Services
IRCSL	- Insurance Regulatory Commission of Sri Lanka
IRD	- Inland Revenue Department
IT	- Information Technology
IUU	- Illegal, Unreported, and Unregulated
KYC	- Know Your Customer
Lao PDR	- Lao People's Democratic Republic
LBs	- Licensed Banks
LC	- Largely Compliant
LCBs	- Licensed Commercial Banks
LEAs	- Law Enforcement Agencies
LFCs	- Licensed Finance Companies
LSBs	- Licensed Specialized Banks
ME	- Mutual Evaluation
MEC	- Mutual Evaluation Committee
MER	- Mutual Evaluation Report

ML	- Money Laundering
MOD	- Ministry of Defence
MOU	- Memorandum of Understanding
MVTS	- Money or Value Transfer Service
NCC	- National Coordinating Committee
nCEN	- National Customs Enforcement Network
NGJA	- National Gem and Jewellery Authority
NGO	- Non-Governmental Organisation
NLP	- National Language Processing
NPOs	- Not-for-Profit Organisation
NRA	- National Risk Assessment
PAEs	- Persons, Accounts, or Entities
PC	- Partially Compliant
PDs	- Primary Dealers
PEPs	- Politically Exposed Persons
PF	- Proliferation Financing
PMLA	- Prevention of Money Laundering Act, No. 5 of 2006
PNB	- Police Narcotic Bureau
PSD	- Payments and Settlements Department
RAs	- Regulatory Authorities
RAPs	- Rapid Action to Prevent Scams
RBA	- Risk-Based Approach
RDs	- Restricted Dealers (formerly Authorised Money Changers)
RIs	- Reporting Institutions
ROC	- Registrar of Companies
RTI Act	- Right to Information Act, No. 12 of 2016
RUSI	- Royal United Services Institute
SAs	- Supervisory Authorities
SARTTAC	- South Asia Regional Training and Technical Assistance Center
SBs	- Stockbrokers
SDM	- STR Discussion Meeting
SEACEN	- South East Asian Central Banks Research and Training Centre
SEC	- Securities and Exchange Commission of Sri Lanka
SQL	- Structures Query Language
STRs	- Suspicious Transaction Reports
TA	- Technical Assistance
TBML	- Trade Based Money Laundering
TCSPs	- Trusts and Company Service Providers
TF	- Terrorist Financing
TFS	- Targeted Financial Sanctions

TMS	- Transaction Monitoring Systems
UAE	- United Arab Emirates
UBOs	- Ultimate Beneficial Ownerships
UNODC	- United Nations Office on Drugs and Crime
UNSCRs	- United Nations Security Council Resolutions
VAs	- Virtual Assets
VASPs	- Virtual Asset Service Providers
VCs	- Virtual Currencies
VSSO	- Voluntary Social Service Organizations
VSSO Act	- Voluntary Social Service Organisations (Registration and Supervision) Act, No. 31 of 1980
XML	- Extensible Markup Language

2005-2006**Legal and Institutional Foundations**

- Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 (CSTFA), Prevention of Money Laundering Act, No. 5 of 2006 (PMLA) & Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) was enacted.
- FIU-Sri Lanka was established in terms of the provisions of the FTRA under the Ministry of Finance and Planning.
- Sri Lanka's 1st Mutual Evaluation was coordinated.
- Advisory Board on AML/CFT was established.
- First enforcement action on a Financial Institution (FI).

**FIU ROAD MAP****2017-2018****Risk-Based Supervision and Oversight**

- AML/CFT risk based supervision was introduced to FIs.
- 20th APG General Meeting was hosted.
- Rules were issued to Designated Non-Finance Businesses and Professions (DNFBPs) sector.
- AML/CFT risk based supervision was introduced to DNFBPs.
- Sri Lanka exiting the FATF grey list.

**2007-2012****Institutional Consolidation and Cooperation**

- FIU-Sri Lanka was recognised as an operationally independent institution within the Central Bank of Sri Lanka's administrative framework.
- 1st MOU with foreign counterpart was signed with FIU of Bank Negara Malaysia.
- Membership of the Egmont Group was obtained.
- 1st domestic MOU was signed with Sri Lanka Customs.
- Amendments to CSTFA and PMLA were introduced.
- 1st Annual Report of FIU-Sri Lanka was published.
- Sri Lanka exiting the FATF grey list.

**2019-2023****Technology Enablement, National Coordination and Stakeholder Engagement**

- goAML software system was implemented.
- Sri Lanka's 2nd NRA on ML/TF was conducted.
- Public Private Partnership to enhance sector awareness was established.
- AML/CFT Task Force was established.
- Cabinet approved institution-wise action plans were introduced.

**2013-2016****National Coordination, Policy Alignment and International Credibility**

- FIU-Sri Lanka's website was launched.
- Sri Lanka's 2nd Mutual Evaluation was coordinated.
- Sri Lanka's 1st National Risk Assessment (NRA) on ML/TF was conducted.
- 1st individual was convicted on ML.
- Sri Lanka's 1st National AML/CFT policy was published.
- Advisory Board was renamed as National Coordinating Committee (NCC).
- Head of FIU-Sri Lanka was appointed as the Asia/Pacific Group on Money Laundering (APG) Co-Chair.

**2023-2025****Effectiveness, Enforcement and Integration**

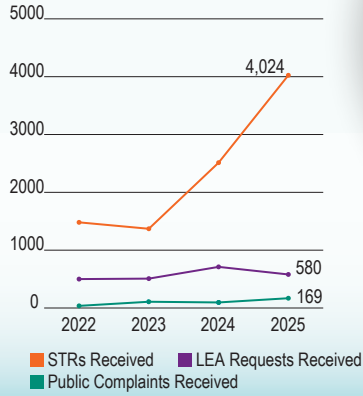
- 1st penalty to DNFBP sector was imposed.
- Restricted Dealers onboarded to AML/CFT supervision framework.
- Capacity enhancement of the FIU.



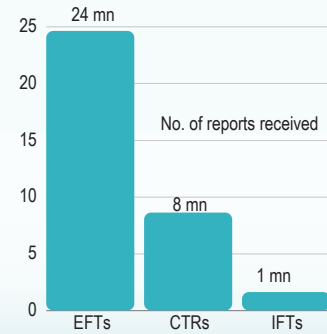




INTELLIGENCE & ANALYSIS



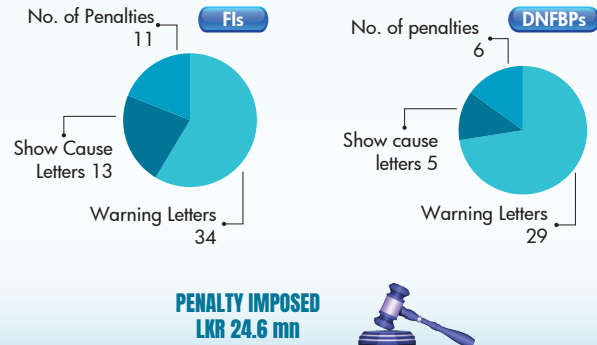
TRANSACTION MONITORING



SUPERVISION & COMPLIANCE



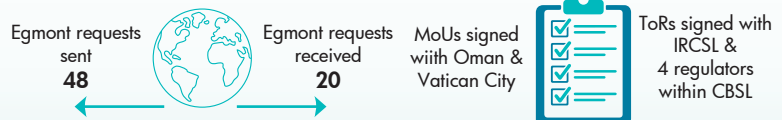
ENFORCEMENT ACTIONS



OUTREACH



INTERNATIONAL COOPERATION & DOMESTIC COOPERATION



MESSAGE FROM THE CHAIRMAN OF THE NATIONAL COORDINATING COMMITTEE

It is with great pleasure that I address you on this occasion of issuing the Annual Report of the Financial Intelligence Unit (FIU) of Sri Lanka for the year 2025.

During 2025, Sri Lanka's AML/CFT system had been strengthened, partly as an ongoing effort of preparation for the Mutual Evaluation by the APG scheduled for March 2026, and partly as all stakeholders actively contributing to the national effort of AML/CFT compliance. The FIU, under the guidance and policy directions of the NCC demonstrated an unwavering commitment in leading all stakeholders towards fostering a robust AML/CFT regime. The effectiveness, consistency and sustainability of our AML/CFT framework were ensured especially through extensive action plans, national preparations and awareness through Public Private Partnership initiatives. I must acknowledge the tremendous amount of work done by the AML/CFT Task Force as this structured coordination mechanism has ensured that policy commitments are translated into operational outcomes.

The strong political commitment demonstrated at the highest level, particularly by His Excellency the President in his capacity as Minister of Finance, towards strengthening the national AML/CFT framework, represents a significant and positive development for the country. The establishment of a dedicated sub-committee under the NCC, chaired by the Deputy Minister of Digital Economy, to develop a regulatory framework for Virtual Asset Service Providers (VASPs), including cryptocurrency operators, in alignment with FATF standards, represents a further important national-level initiative.



During the year, several important legal reforms were carried out, namely Proceeds of Crime Act, Gambling Regulatory Authority Act, and amendments to the Companies Act, further strengthening the legal framework and the institutional architecture of the AML/CFT system. While thanking all the authorities who supported and involved in this process, I would like to urge the necessity of effectively implementing new provisions without any time lag. Institutions entrusted with statutory responsibilities must ensure that reforms are operationalized without delay and supported by appropriate guidance, supervision, and enforcement. In addition, other legislative amendments and enactment of new laws which are currently underway need to be fast-tracked for completion within the next few months.

FIU's persistent commitment to improve the quality and analytical depth of financial intelligence disseminated to law enforcement agencies is admirable. Strengthened inter-agency information sharing and improved coordination mechanisms have contributed to enhancing the effectiveness of investigations and reinforcing the intelligence-to-enforcement process. I believe

that intensified AML/CFT supervision, enhanced capacity building and targeted outreach have been instrumental in fostering greater awareness and compliance among reporting institutions. Further, signing a Memorandum of Understanding with the National Centre for Financial Information of the Sultanate of Oman exhibits FIU's continuous efforts in strengthening international cooperation.

One of the most significant achievements by the FIU during 2025 was concluding country's third National Risk Assessment (NRA). A clear and contemporary understanding of ML/TF risks is fundamental to a properly functioning risk-based regime. Thus, I extend my appreciation to the members of the NCC for their policy guidance and all the stakeholders participated in making this national exercise a success.

I am grateful for the Department of Revenue in India and the High Commission of India for the technical assistance extended to Sri Lanka in preparation for the upcoming Mutual Evaluation. Moreover, I should commend that technical assistance and training opportunities provided by His Majesty's Treasury in UK, Royal United Services Institute (RUSI) programme of Centre for Financial Crime and Security Studies, United Nations Office on Drugs and Crime (UNODC), US Treasury, EU Global Facility on AML/CFT and International Monetary Fund (IMF).

Dr. P Nandalal Weerasinghe

Governor of the Central Bank of Sri Lanka
Chairman of the AML/CFT National Coordinating Committee

The progress achieved during 2025 reflects the unwavering commitment of competent authorities, supervisory bodies, law enforcement agencies, and reporting institutions. As the Chairman of the NCC, I am profoundly grateful for the commitment and collaboration demonstrated by stakeholders in achieving our shared objectives. It is only through collaboration and coordinated efforts that we can respond to ML/TF threats posed by global developments while keeping the momentum required to identify mechanisms adopted by criminals to circumvent AML/CFT measures.

As Sri Lanka continues its path of economic stabilization and recovery, preserving financial integrity is of paramount importance. Through coordinated actions, disciplined implementation, and sustained vigilance, Sri Lanka will continue to enhance the effectiveness and credibility of its AML/CFT regime. The strength of an AML/CFT framework is not measured solely at the point of a mutual evaluation, but by the country's consistent application of AML/CFT/CPF safeguards, maintaining credibility, and resilience over time. By embedding sound governance practices, reinforcing accountability across institutions, and maintaining a disciplined risk-based approach, I am confident that Sri Lanka will ensure global standards are met and the integrity of its financial system is protected for the long term.

MESSAGE FROM THE DIRECTOR OF THE FINANCIAL INTELLIGENCE UNIT SRI LANKA

The year 2025 marked a pivotal moment in Sri Lanka's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime, as the country enhanced its focus on preparing for the 3rd Mutual Evaluation (ME) of Sri Lanka on AML/CFT, which is to be conducted by the Asia Pacific Group on Money Laundering (APG), commencing from March 2026. As the lead agency in facilitating the implementation of AML/CFT measures within the country and coordinating the ME process, FIU – Sri Lanka continued to play a proactive and collaborative role, coordinating with relevant stakeholders to ensure that the country demonstrates strong technical compliance as well as high level of effectiveness in implementing global AML/CFT standards.

Throughout the year, focus has remained on strengthening the AML/CFT system, while enhancing the institutional readiness and addressing remaining gaps identified. As a part of the preparation, a dedicated Project Office has been established within the FIU – Sri Lanka, supported by a Project Management Office, to facilitate coordination of the ME. Phase I of the Mock Evaluation exercise was completed in 2025, enabling all stakeholders to measure their preparedness for the forthcoming ME. In parallel, FIU – Sri Lanka continued its duties facilitating legislative reforms relating to the country's AML/CFT system and served as the Secretariat to the National AML/CFT Coordinating Committee (NCC) and the AML/CFT Task Force.

During the year, FIU – Sri Lanka, in carrying out its core function of producing actionable intelligence through Suspicious Transaction



Report (STR) analysis, disseminated 838 STRs to Law Enforcement Agencies (LEAs) and Regulatory Authorities (RAs) for further investigation. A total of 12 high-level STR Review Committee meetings were held within the year to decide the course of action for complex and significant STRs. In addition, 580 information requests received from LEAs and Intelligence Agencies were facilitated in support of ongoing investigations.

With the view of enhancing compliance and streamlining coordination, the FIU – Sri Lanka issued 7 Guidelines to its stakeholders, while 3 red flag indicators were issued to Reporting Institutions (RIs) on identifying suspicious transactions. A significant achievement in 2025 has been the development and introduction of a web-based tool to facilitate United Nations Security Council Resolutions (UNSCRs) screening by RIs, ensuring the Targeted Financial Sanctions compliance across Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs). Supervisory measures on RIs were further strengthened during 2025, with 116 risk-based supervisions being conducted on both FIs and DNFBPs, recording the highest number of supervisions carried out within a year.

Regulatory actions for non-compliances were taken where necessary, including the imposition of penalties on 8 FIs and 5 DNFBPs.

Recognising the importance of international cooperation and expanding the country's intelligence sharing network, FIU – Sri Lanka entered into two Memoranda of Understanding (MOUs) with the National Centre for Financial Information in the Sultanate of Oman and the Financial Intelligence Unit of the Holy see/Vatican City State, enhancing FIU-Sri Lanka's ability to effectively respond to multi-jurisdictional ML/TF offences. On the domestic front, Terms of References (TORs) were signed with the Insurance Regulatory Commission of Sri Lanka and four internal regulatory departments of the Central Bank of Sri Lanka while a TOR with the Securities and Exchange Commission of Sri Lanka was finalized, to enhance coordination and clarify regulatory and supervisory responsibilities.

Considering the growth of the virtual assets sector in Sri Lanka, a phased-out implementation of Virtual Asset Service Providers' (VASPs) AML/CFT supervisory framework commenced in the year 2025. Further, a Sub-Committee on VASPs was formed under the NCC, chaired by the Deputy Minister of Digital Economy. These developments would ensure that the country complies with the international standards on regulating VASPs within the AML/CFT framework.

Capacity building remained a priority throughout the year. FIU officers participated in targeted training programmes, including tailor-made Egmont trainings on operational analysis and strategic analysis and also implementation of

AML/CFT measures, AML/CFT supervision, implementation of Countering Proliferation Financing (CPF) measures, and the AML/CFT regulation of VASPs. Technical assistance was received from India, the United States of America, United Kingdom as well as international organisations such as the APG Secretariat, the Egmont Group, EU Global Facility, Global Action on Cybercrime Enhanced (GLACY-e), INTERPOL, Royal United Services Institute (RUSI), United Nations Office on Drugs and Crime (UNODC), International Monetary Fund (IMF) and World Bank, and other donors and providers, further strengthening Sri Lanka's AML/CFT capability, ahead of the ME. In addition, FIU - Sri Lanka officers contributed as resource persons in many awareness sessions conducted internationally and domestically, while 2 officers participated as reviewers of ME Follow-up Reports of Vietnam and Laos.

With the ME, the focus has shifted from mere compliance to demonstrating effectiveness of the country's adherence to international AML/CFT standards. The achievements realised during 2025 were made possible through the continuous support of His Excellency the President, the Cabinet of Ministers, the Governor and the Senior Management of the Central Bank of Sri Lanka, members of the AML/CFT Task Force, LEAs, RAs, supervisory authorities, RIs, and international counterparts to whom I extend my sincere gratitude. The FIU -Sri Lanka remains committed and looks forward to demonstrating the country's technical compliance and effectiveness on its AML/CFT obligations during the 3rd ME in 2026, through continued collaboration with all the stakeholders.

Dr. Subhani Keerthiratne

Director

Financial Intelligence Unit – Sri Lanka

VISION, MISSION & STRATEGIC GOALS

VISION

To be the trusted focal agency committed to prevent Money Laundering and counter Financing of Terrorism ensuring financial integrity, safety and security

MISSION

To provide actionable financial intelligence and lead national efforts through effective partnership with domestic and global stakeholders in combating Money Laundering and Terrorism Financing

STRATEGIC GOALS

Facilitate to strengthen the AML/ CFT regime in Sri Lanka and upgrade the AML/CFT compliance status of Sri Lanka to be in par with the internationally accepted standards and FATF Recommendations

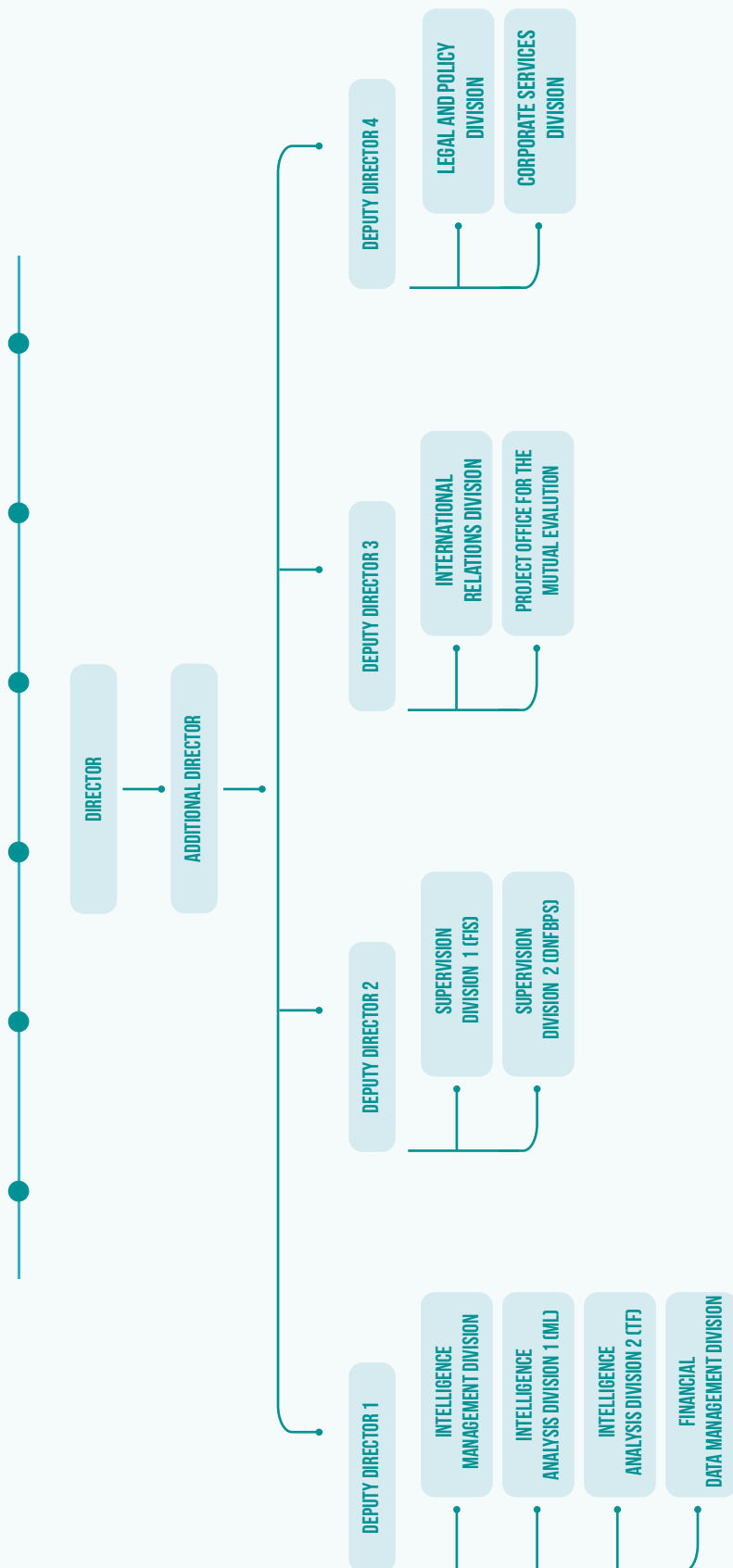
Facilitate the prevention, detection, investigation and prosecution of the offences of ML/TF and implement an effective intelligence management framework

Strengthen the AML/ CFT supervisory framework of FIs and DNFBPs

Ensure knowledge sharing and smooth operations of the FIU

Enhance AML/ CFT awareness and communication

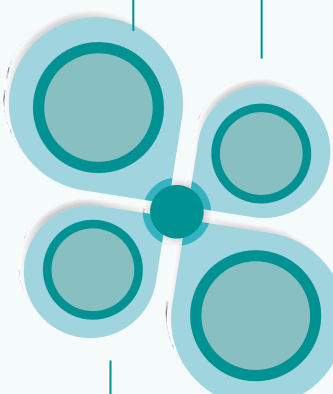
ORGANIZATIONAL CHART OF THE FIU-SRI LANKA



STAFF OF THE FIU - SRI LANKA 2025



OUR STAKEHOLDERS



FINANCIAL INSTITUTIONS & DESIGNATED NON-FINANCE BUSINESSES & PROFESSIONS

- Licensed Commercial Banks
- Licensed Specialised Banks
- Licensed Finance Companies
- Specialised Leasing Companies
- Insurance Companies
- Stock Brokers
- Market Intermediaries
- Unit Trust Managing Companies
- Restricted Dealers
- Authorised Primary Dealers
- Authorised Money Brokers
- Money or Value Transfer Service Providers
- Casinos
- Real Estate Agents
- Dealers in Precious Metals, Dealers in Precious & Semi-Precious Stones
- Lawyers, Notaries, Other Independent Legal Professionals
- Accountants
- Trusts and Company Service Providers

SUPERVISORY AUTHORITIES

- Bank Supervision Department of the Central Bank of Sri Lanka
- Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka
- Foreign Exchange Department of the Central Bank of Sri Lanka
- Payment and Settlement Department of the Central Bank of Sri Lanka
- Securities and Exchange Commission of Sri Lanka
- Insurance Regulatory Commission of Sri Lanka
- National Gem and Jewellery Authority

LAW ENFORCEMENT AGENCIES

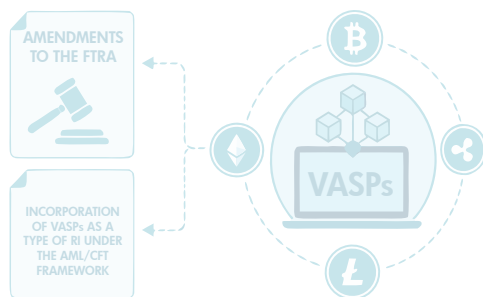
- Sri Lanka Police
- Criminal Investigation Department
 - Illegal Assets Investigation Division
 - Financial Crime Investigation Department
 - Counter Terrorism Investigation Division
 - Sri Lanka Police Narcotic Bureau
 - Proceeds of Crime Investigation Division
 - Other Police Units
- Commission to Investigate Allegations of Bribery or Corruption
- Sri Lanka Customs
- Department of Excise

OTHERS

- Ministry of Finance, Planning & Development
- Ministry of Justice & National Integration
- Ministry of Foreign Affairs, Foreign Employment & Tourism
- Ministry of Defence
- Ministry of Public Security and Parliamentary Affairs
- Ministry of Urban Development & Housing
- Minister of Public Administration, Provincial Councils and Local Government
- Ministry of Trade, Commerce, Food Security and Co-operative Development
- Attorney General's Department
- Department for Registration of Persons
- Legal Draftsman's Department
- Registrar General's Department
- Inland Revenue Department
- Department of Immigration and Emigration
- Department of the Registrar of Companies
- Department of Motor Traffic
- Institute of Chartered Accountants of Sri Lanka
- Bar Association of Sri Lanka
- Construction Industry Development Authority
- Institute of Certified Management Accountants of Sri Lanka
- National Secretariat for Non-Governmental Organizations
- Department of Imports and Exports Control
- Board of Investment of Sri Lanka
- Sri Lanka Accounting and Auditing Standards Monitoring Board
- National Dangerous Drugs Control Board

01

MANAGEMENT OF INTELLIGENCE



Management of Financial Intelligence is the core function of the Financial Intelligence Unit of Sri Lanka (FIU–Sri Lanka). This includes collection, analysis and dissemination of financial intelligence relating to Money Laundering/ Terrorist Financing (ML/TF) or any associated predicate offences.

FIU–Sri Lanka carries out the following activities under its intelligence management process.

Table 1.1
Activities Relevant to Management of Intelligence

Type of FI	Sub Activities
Receiving Suspicious Transaction Reports/ information/data	- Receiving Suspicious Transaction Reports (STRs) from Reporting Institutions (RIs) on possible suspicions relating to ML/TF/other criminal activities. - Receiving information provided by the general public about possible suspicions of ML/TF/other criminal activities. - Receiving information/intelligence/STRs from Law Enforcement Agencies (LEAs), Intelligence Agencies (IAs) and Regulatory and Supervisory Authorities under the requirement of collecting financial information for their ML/TF related investigations, inquiries, or analyses. - Receiving information requests/ financial intelligence from foreign counterparts through Egmont Secure Web (ESW).

Type of FI	Sub Activities
Analysis of STRs	• Conducting operational analysis. • Collecting necessary information from RIs/domestic databases/open-source information / background checks/ counterpart FIUs.
Referring/ dissemination of STRs to LEAs and RAs	• Dissemination of outcome of analysis to relevant LEAs. • Dissemination of outcome of analysis to Regulatory Authorities (RAs) and other agencies as deemed appropriate by the STR Review Committee /STR Discussion Meeting (SDM). • Voluntary dissemination to foreign counterparts.
Advanced analysis	• Conducting deep analysis on complex STRs.
Other operational activities	• Facilitate LEA investigations through - provision of information upon request; - coordination with RIs. • Issue typologies/red flags/feedback on STRs to RIs. • Enhance awareness on STR identification and reporting. • Coordinate with foreign counterparts. • Provide observations/concerns relating to fit and proper assessments of directors and key management personnel of FIs to RAs, upon request.

1.1. Receiving Suspicious Transaction Reports/ Data/ Information

FIU – Sri Lanka receives STRs related to ML/TF suspicion and related criminal offences, from RIs under Section 7 of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) and from the general public under Section 5 of the Prevention of Money Laundering Act, No. 5 of 2006 (PMLA).

A variety of RIs submit STRs through goAML. These STRs undergo a quality check at the entry level by the Intelligence Management Division. STRs with incomplete or insufficient information are required to be resubmitted through the goAML system. This quality assurance process improves the effectiveness of the STRs received facilitating compliance with FATF Recommendation 20. In line with Immediate Outcome 6, the resubmission mechanism strengthens FIU-Sri Lanka's capacity to analyse and disseminate high quality financial intelligence, thereby supporting more effective identification and investigation of money laundering and related predicate offences.

STRs are subjected to an automatic prioritisation mechanism developed based on selected keywords and suspicious indicators. A score is given to every STR based on the prioritisation

mechanism. A high score is generally assigned to STRs containing keywords and indicators related to TF and major ML threats identified in National Risk Assessments such as drug trafficking, fraud, Trade Based Money Laundering (TBML). Additionally, FIU-Sri Lanka manually prioritises STRs based on the circumstances surrounding the STRs, where necessary. The prioritised STRs are assigned among officers to conduct preliminary analysis using the available information in goAML and other databases.

The preliminary analysis focuses on identifying possible ML/TF trends and incidents by drawing on multiple information sources. These include Cash Transaction Reports (CTRs), Electronic Fund Transfer (EFT) data, and previously filed STRs available in the goAML system. In addition, information obtained from government databases, such as the Department of Registration of Persons (DRP), Registrar of Companies (ROC), Department of Motor Traffic (DMT), Sri Lanka Customs, and the Department of Immigration and Emigration (DIE), Registrar General's Department (RGD) and commercially maintained databases, are utilised in the analysis. Supplementary information is also sought from RIs, counterpart FIUs, and open-source platforms to strengthen the assessment.

STRs once analysed are presented to the STR Discussion Meeting (SDM). At the SDM, four key decisions are made as per table 1.2.

Table 1.2
Key decisions made at SDM

Decision	Reason
No Immediate Action (NIA)	Either no clear suspicion or ongoing investigation identified. STR is added to the STR bucket until further suspicion arises.
Keep Under Surveillance (KUS)	Limited suspicion and require continued monitoring by Reporting Institutions.
Further Study (FS)	Require additional information to complete/improve the analysis.
Can Be Referred (CBR)	Suitable for direct referral to relevant Law Enforcement Agencies (LEAs) or Regulatory Authorities (RAs).

In carrying out in-depth analytical work, in 2025, FIU-Sri Lanka continued to obtain information from domestic competent authorities to enhance advanced analysis of Suspicious Transaction Reports (STRs). During the year 2025, FIU-Sri Lanka sought background search assistance from the Sri Lanka Police, which conducts these searches without disclosing the identity of the subjects involved. In 2025, a total of 24 background search requests were submitted to the Sri Lanka Police. In addition, information was obtained from several other competent authorities to facilitate comprehensive operational and strategic analysis, including the Sri Lanka Customs, the National Gem and Jewellery Authority, Securities and Exchange Commission of Sri Lanka, NGO Secretariat, etc. This reflects the engagement of FIU-Sri Lanka in domestic cooperation

mechanisms through effective information-sharing and coordinated action among relevant agencies.

To further enhance the in depth analysis of Suspicious Transaction Reports, FIU-Sri Lanka also engaged in international cooperation during 2025 by seeking information from foreign counterpart FIUs. Requests were sent through Egmont Secure Web (ESW) to obtain relevant financial intelligence. The intelligence received from foreign counterparts supported FIU-Sri Lanka's advanced analytical work by enabling a more comprehensive understanding of international fund flows, links to overseas entities, individuals, and potential predicate offences. This exchange of information strengthened the quality and depth of STR analysis and contributed to more informed operational and strategic outputs.

After further analysis, the STRs are submitted to the STR Review Committee, chaired by the Director of FIU-Sri Lanka (D/FIU), which includes senior legal consultants from the Attorney General's (AG's) Department. Following the directions of the STR Review Committee, the STRs are then referred to the relevant LEAs, Regulatory and/or Supervisory Authorities. In certain cases, the Committee may direct FIU-Sri Lanka to obtain additional information or conduct enhanced analytical work prior to dissemination. Figure 1.1 shows the STR handling process of FIU-Sri Lanka.

Figure 1.1
STR Handling Process of FIU-Sri Lanka

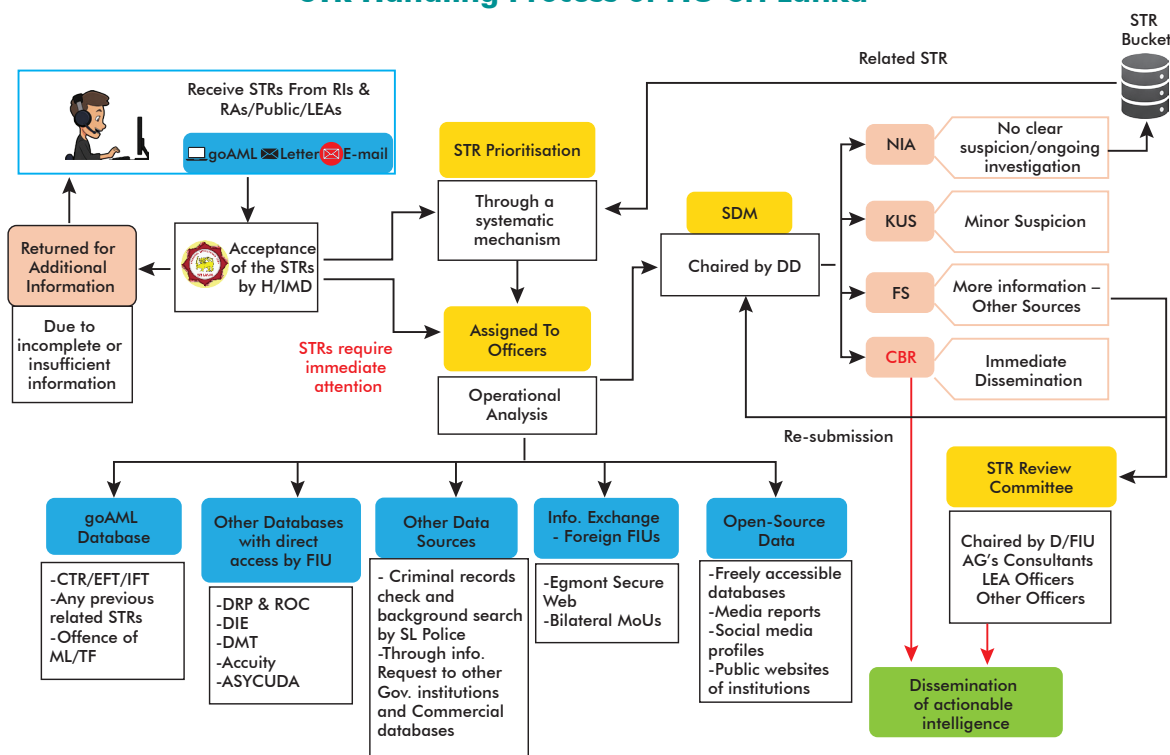
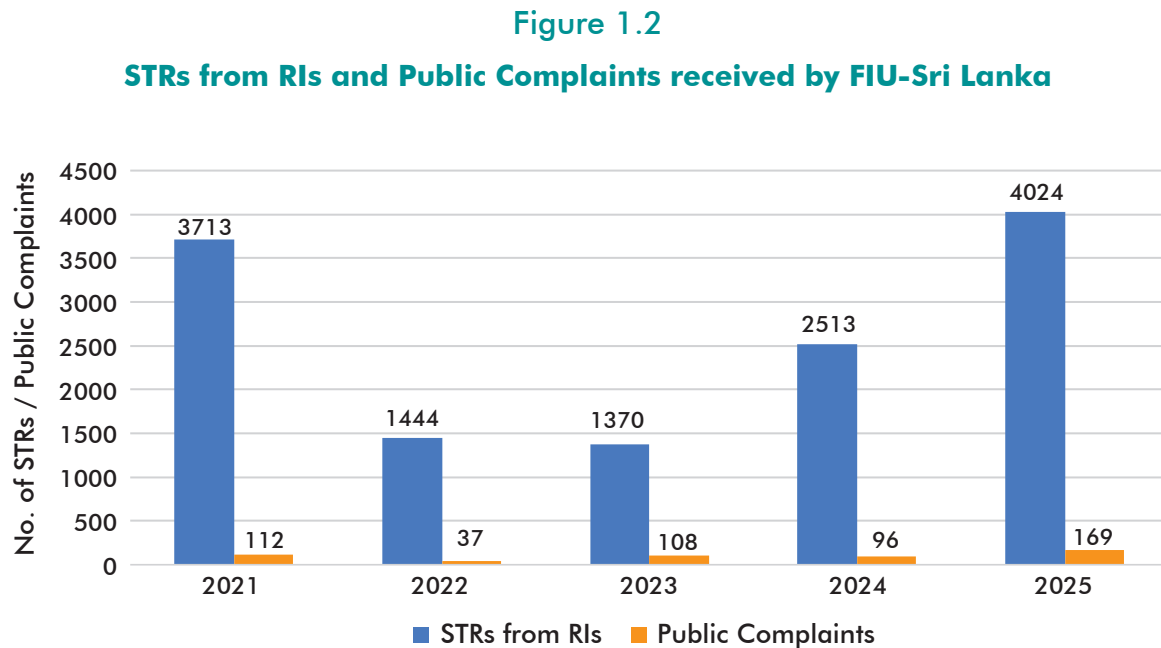


Figure 1.2 shows the number of STRs, and public complaints received by FIU-Sri Lanka since 2021.



Source: Financial Intelligence Unit-Sri Lanka

The total number of STRs and public complaints has shown an increasing trend, particularly from 2023 onwards. Number of STRs from RIs and public complaints received in 2025, has increased by 60% and 76% respectively compared to 2024. This indicates improved reporting, enhanced detection mechanisms, and heightened awareness among both reporting institutions and general public

1.1.1. STRs received under the Major Money Laundering Threats identified in past NRAs

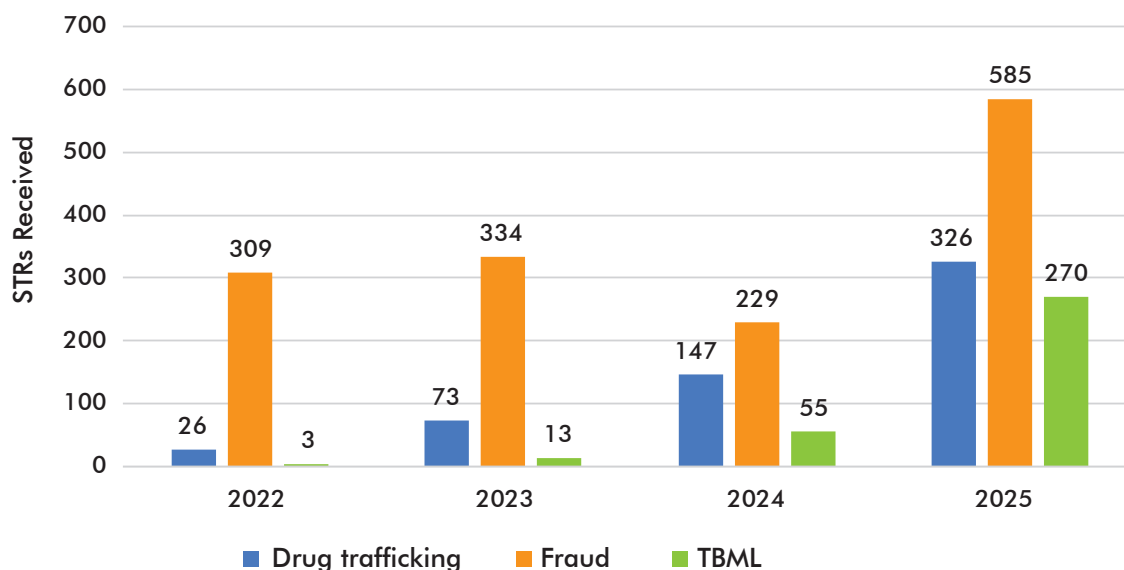
Based on past National Risk Assessments (NRAs), drug trafficking, fraud and customs related offences/Trade Based Money Laundering (TBML) are considered major proceeds generating ML threats in Sri Lanka.

Figure 1.3 depicts the number of STRs received based on 3 major ML threats.



Figure 1.3

STRs received on transactions suspected of Drug Trafficking, Fraud and TBML



STRs in relation to drug trafficking exhibits a clear upward trend from 2022, rising steadily from 26 in 2022 to 147 in 2024 and sharply to 326 in 2025, due to increased awareness and programs introduced on drug prevention. Further, STRs in relation to fraud incidents have increased sharply in year 2025, mainly from suspicious activity relating to scams, driven by increased awareness from various scam prevention programs. STRs on possible links to TBML, while minimal in earlier years, has increased to 270 in 2025, reflecting enhanced awareness among reporting institutions, improved analytical capabilities, and a growing focus on and commitment to identifying complex trade-based ML risks.

1.1.2. STRs received during 2021 – 2025

Reporting Institutions (RIs) and the general public report STRs under suspicion of ML/ TF. Table 1.3 below depicts the composition of STRs, and public complaints based on the type of suspicion. In 2025, the number of STRs related to TF declined, while STRs based on suspicion of ML have shown an increasing trend since 2022.

Table 1.3
Composition of STRs and Public Complaints 2021-2025

Actions Taken	2021	2022	2023	2024	2025
on ML	3708	1384	1414	2497	4119
on TF	117	97	64	112	74
Total	3825	1481	1478	2609	4193

Source: Financial Intelligence Unit-Sri Lanka

1.1.3. Categorisation of STRs received

Figures 1.4, 1.5 and 1.6 represent the distribution of STRs by reporting institution, product, and customer, respectively for the year 2025.

Figure 1.4

STRs submitted by category of Reporting Institution and General Public

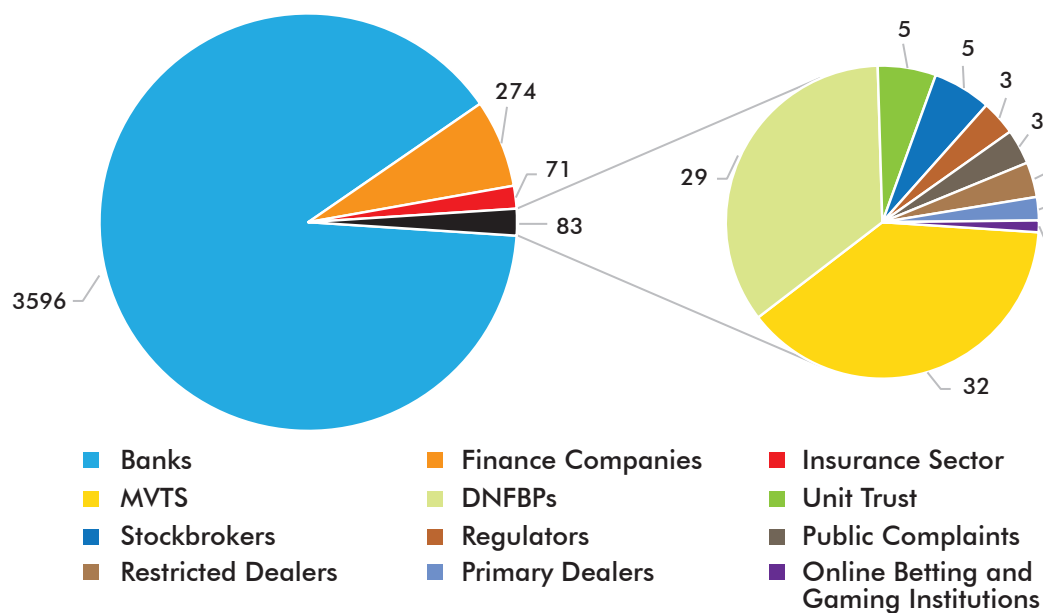


Figure 1.5

STRs submitted by Product Type

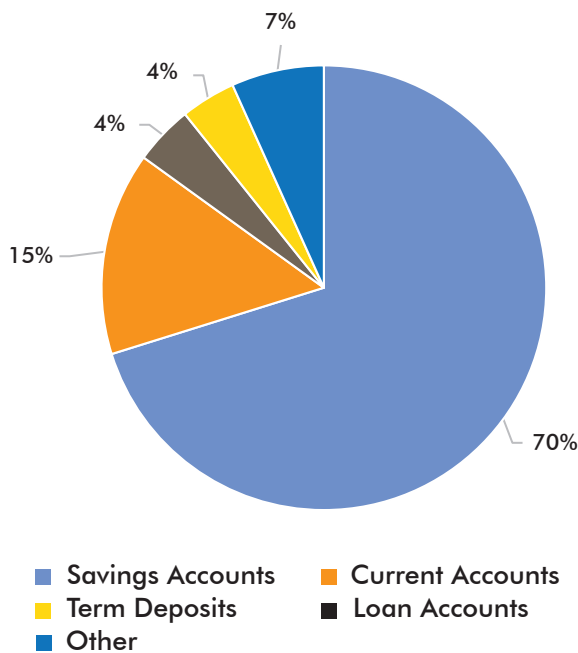


Figure 1.6

STRs submitted by Customer Type

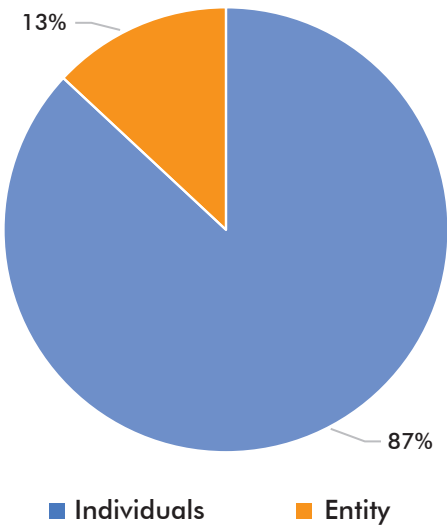
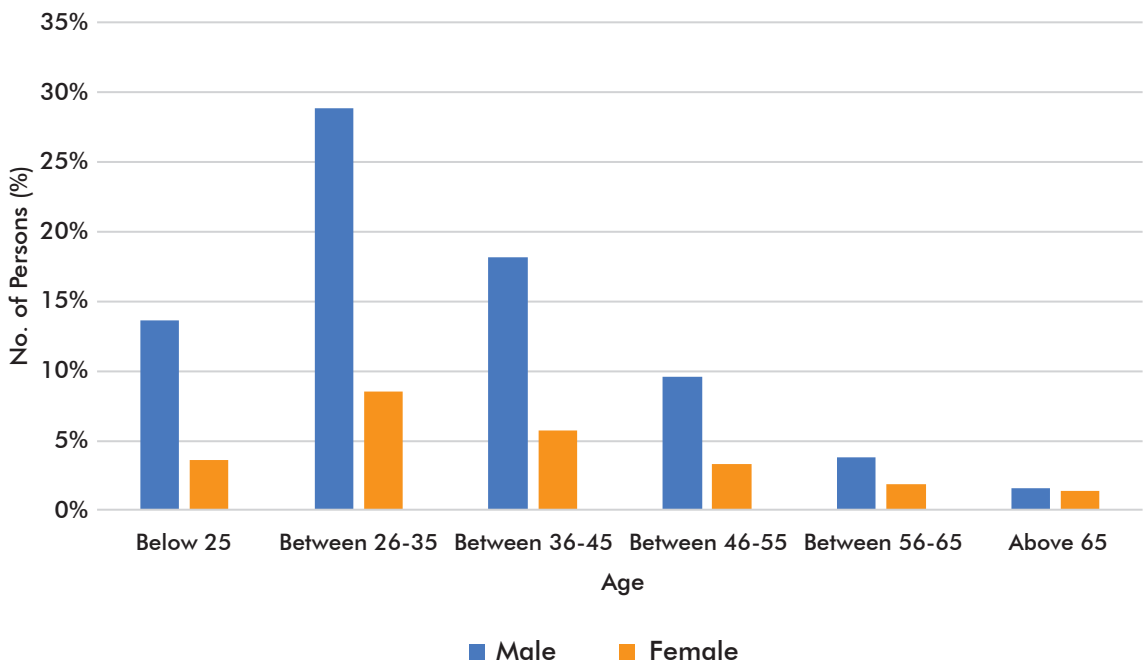


Figure 1.7 analysis consists of STRs reported on individuals in 2025.

Figure 1.7

Age and Gender Analysis on Individuals linked to STRs



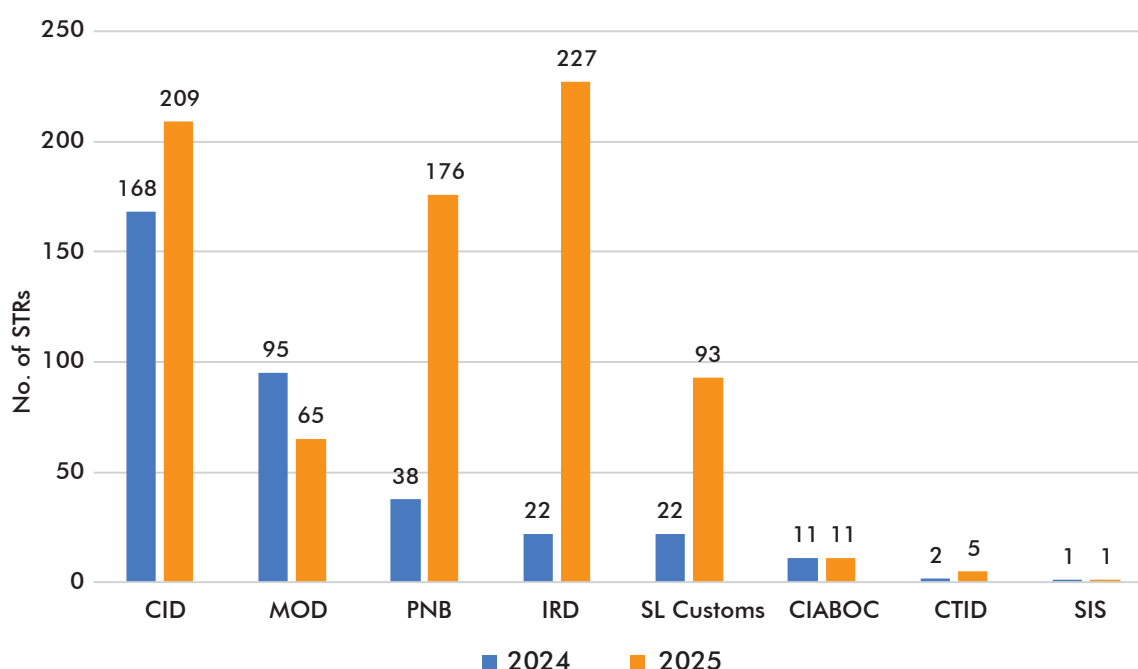
1.2. Referring/Dissemination of STRs to Law Enforcement Agencies and Regulatory Authorities

During 2025, FIU–Sri Lanka convened 12 STR Review Committee meetings at which critical STRs were discussed. This is in addition to the 74 SDMs which were conducted to discuss preliminary analysis of STRs.

Figure 1.8 shows a comparison of 2024 and 2025 STRs referred to LEAs.

Figure 1.8

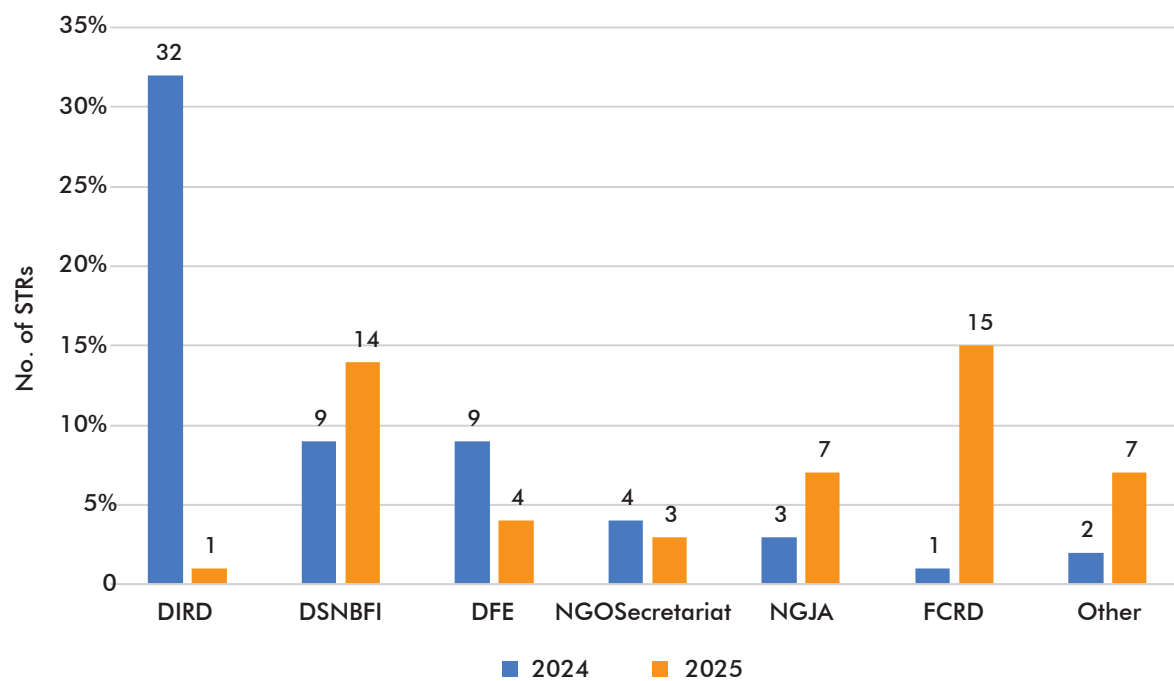
STRs referred to Law Enforcement Agencies (2024-2025)



The statistics on STRs referred to law enforcement agencies (LEAs) indicate a shift in referral patterns between 2024 and 2025. Referrals to the Criminal Investigations Department (CID) increased from 168 to 209. Referrals to the Police Narcotics Bureau (PNB) rose sharply from 38 in 2024 to 176 in 2025, while referrals to the Inland Revenue Department (IRD) recorded the most pronounced increase, escalating from 22 to 227, highlighting a growing focus on tax related financial crimes.

Figure 1.9 shows dissemination of information of STRs for further investigation to RAs in 2024 and 2025.

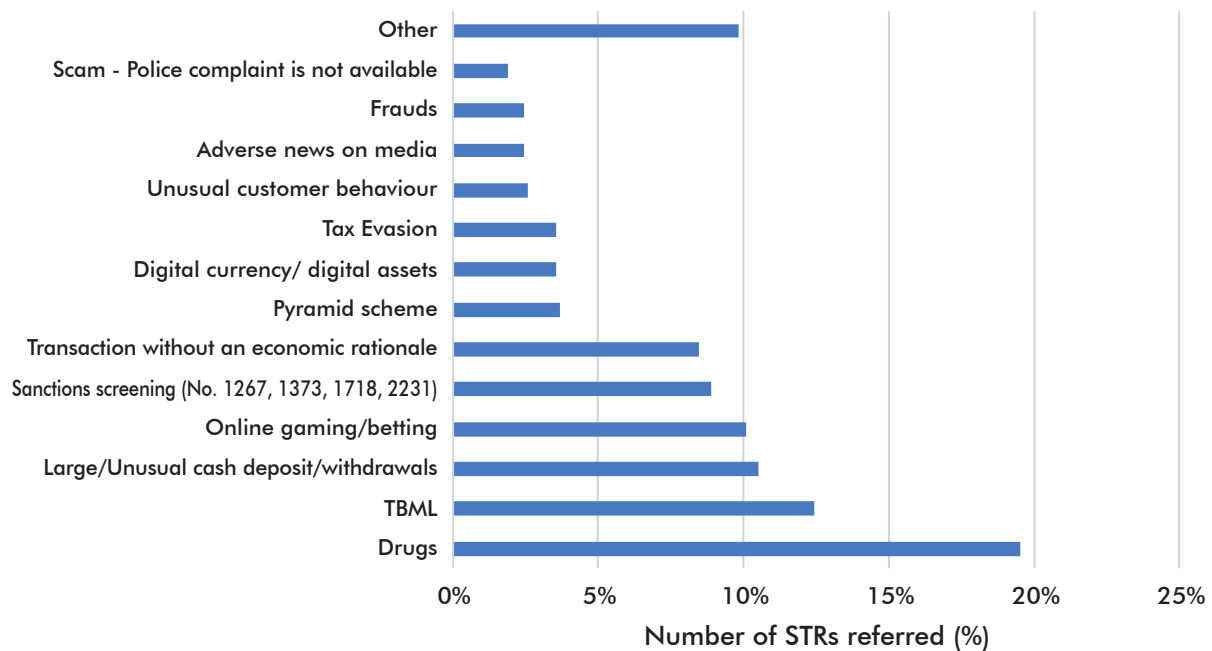
Figure 1.9

STRs referred to Regulatory Authorities (2024 - 2025)

The increase in referrals to Financial Consumer Relations Department (FCRD) is due to the referrals of pyramid-scheme-related STRs where responsibility for investigation was transferred from the Deposit Insurance and Resolution Department (DIRD) to FCRD since December 2024. Entities operating without proper registration under the National Secretariat for Non-Governmental Organisations continue to be a large portion of cases reported to the Secretariat. Further, the increase in the number of STRs referred to National Gem and Jewellery Authority (NGJA) highlights concerns linked to gem and jewellery transactions.

Figure 1.10 illustrates the breakdown of STRs referred to LEAs/RAs during 2025.

Figure 1.10

Category-wise breakup of STRs referred to LEAs/RAs

The STRs referred to LEAs and RAs during the period were dominated by drug related suspicions, which accounted for the largest share at 23.18%, reflecting the continued prominence of narcotics linked financial flows in intelligence dissemination. Other notable suspicions reported during the period included TBML, pyramid scheme related activities, online gaming and betting transactions with potential money laundering links, suspicions involving virtual assets, as well as cases connected to tax evasion and fraud.

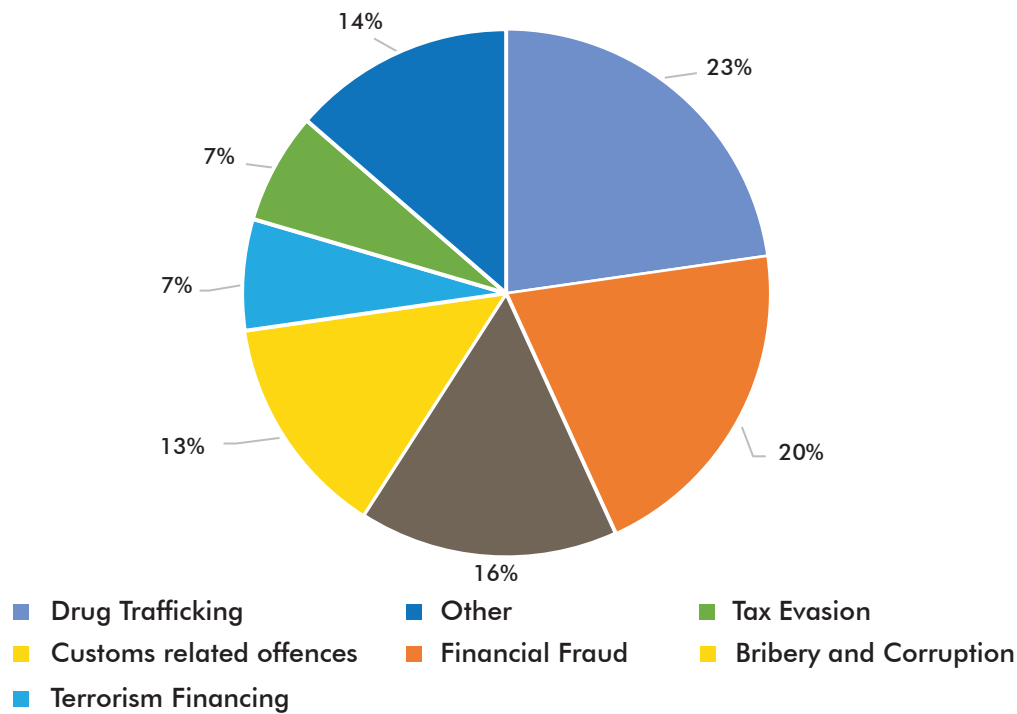
1.3. Advanced analysis of STRs

FIU–Sri Lanka performs advanced analysis of STRs to conduct in-depth examination of complex and interconnected transactions, leveraging all available and obtainable information. This analysis focuses on identifying high risk targets, including organised criminal networks, and determining linkages among identified subjects, predicate offences, and suspected laundering of proceeds of crime. Following the completion of comprehensive analysis, cases are submitted to the STR Review Committee to obtain expert guidance on appropriate enforcement or regulatory actions.

In 2025, a total of 51 STRs were selected through the SDM for advanced analysis, of which, 44 STRs were disseminated to relevant LEAs and RAs for further investigation and regulatory action.

Figure 1.11 depicts the offence-wise distribution of STRs referred to LEAs after advanced analysis.

Figure 1.11
Offence-wise break-up of STRs referred to Law Enforcement Agencies after advanced analysis - 2025



1.4. Other Operational Activities

1.4.1. Facilitating investigations of Law Enforcement Agencies through provision of information upon request

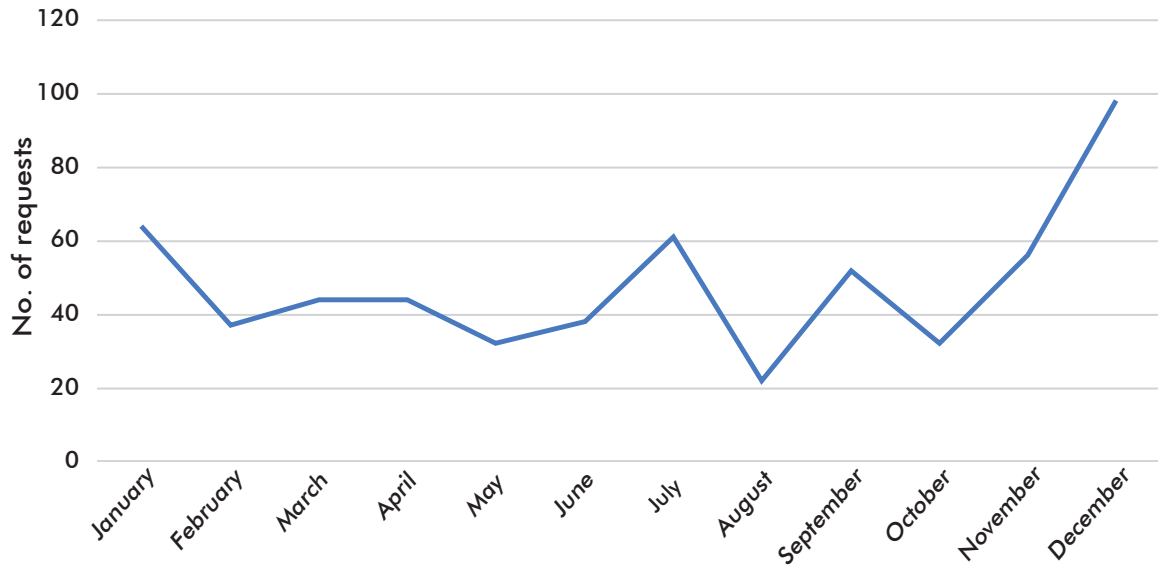
FIU–Sri Lanka processes information requests received from LEAs, IAs, Magistrates’ Courts and RAs using available data at FIU–Sri Lanka or collecting information as required from RIs and foreign FIU counterparts. As per Table 1.3, the total number of information requests received from above-mentioned authorities for the year 2025 is 580 which is a slight decline compared to 2024.

Table 1.4					
Information requests received by FIU–Sri Lanka					
Actions Taken	2021	2022	2023	2024	2025
Information Requests received from LEAs, IAs, Magistrates’ Courts and RAs	871	500	508	711	580

Source: Financial Intelligence Unit-Sri Lanka

Figure 1.12

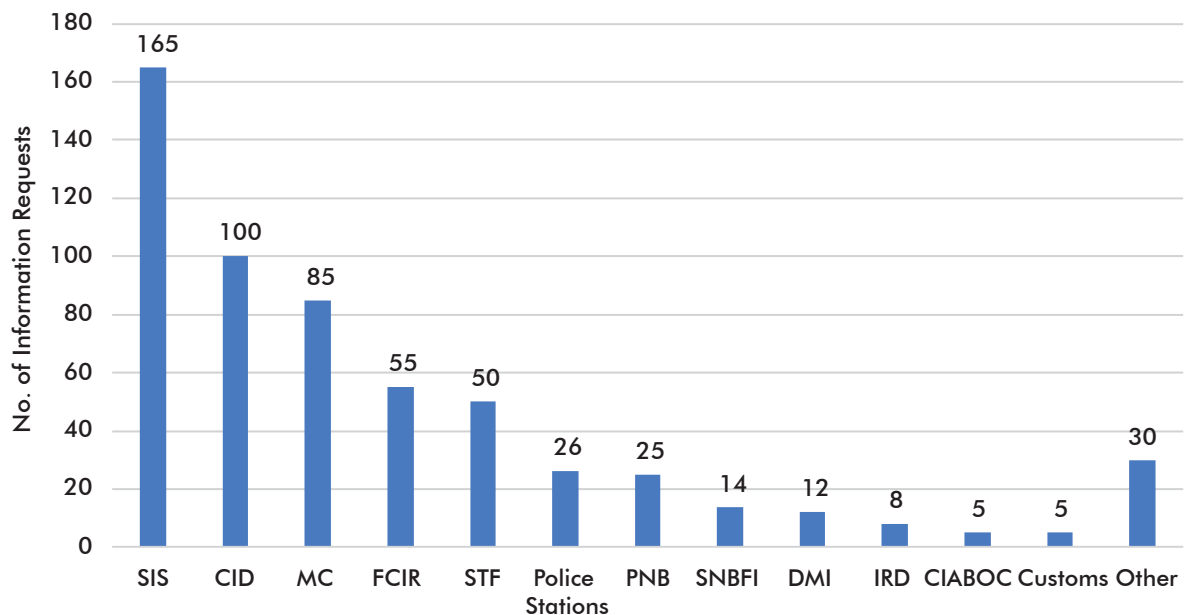
Information requests received from Law Enforcement Agencies/ Regulatory Authorities/Intelligence Agencies - 2025



Information requests received from LEAs/RAs/IAs during 2025 based on the authority type is depicted by Figure 1.13 below.

Figure 1.13

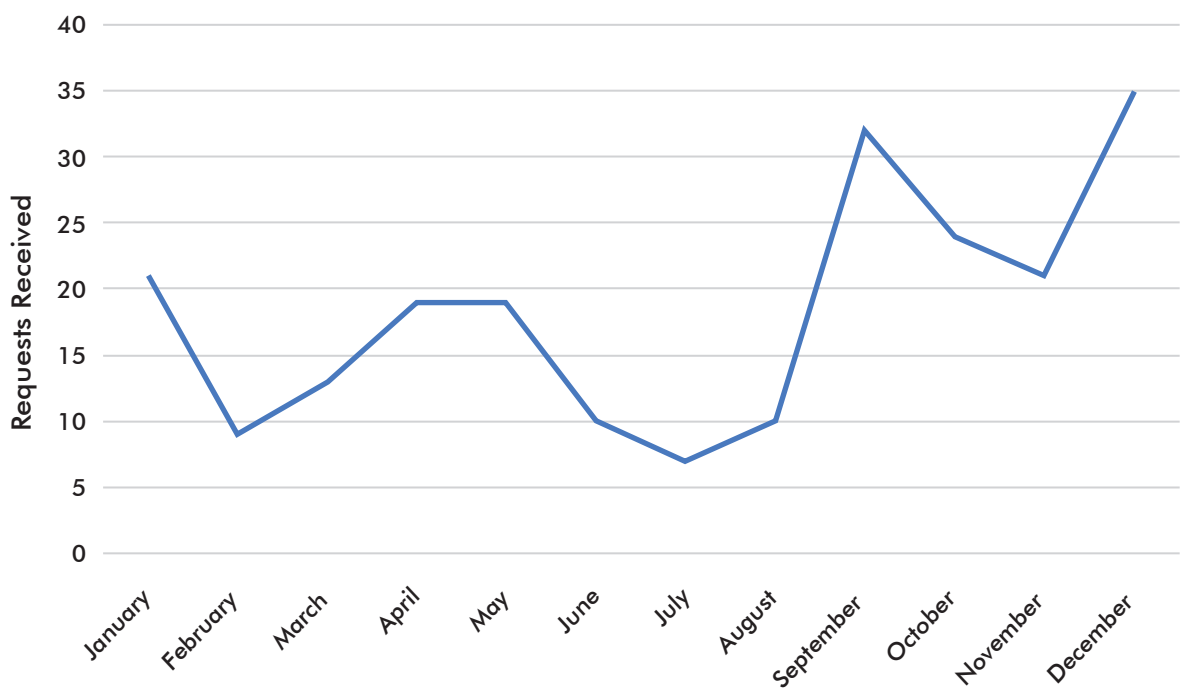
Information requests received by Requesting Authority



1.4.2. Facilitating investigations of Law Enforcement Agencies through coordination with Reporting Institutions

LEAs regularly seek the support of FIU–Sri Lanka to obtain information and documents from reporting institutions to facilitate investigations into ML/TF or related predicate offences. Such information requests and assistance are sought in accordance with the guidelines issued by FIU–Sri Lanka to the Sri Lanka Police in 2021, and amended in 2025,. The total number of Assistance Letter Requests received from LEAs for the year 2025 is 220 as depicted in Figure 1.14.

Figure 1.14
Assistance Letter Requests Received - 2025



1.4.3. Issuing typologies, red flags and feedback to Reporting Institutions

Based on the operational and strategic trend analysis, FIU–Sri Lanka has from time to time issued typologies and red flag indicators to RIs. During the year 2025, FIU–Sri Lanka issued 2 red flag indicators to all FIs as follows,

Table 1.5
Red Flag Indicators Issued - 2025

No.	Red Flag	Date
No. 01/2025	Large Scale Scam Operations	14.02.2025
No. 02/2025	Scam operations conducted through Internet and Social-Media in the form of part-time online jobs	05.03.2025

During the year under review, the FIU–Sri Lanka continued its engagement with RIs by providing structured feedback on the quality and effectiveness of STRs. Accordingly, two document-based feedback were issued to seven Licensed Commercial Banks (LCBs) and two Licensed Finance Companies (LFCs) that accounted for the highest volume of STR submissions to FIU-Sri Lanka. This feedback included a statistical overview of STR reporting trends, actions taken by FIU-Sri Lanka, and identified areas for improvement, supported by relevant case studies.

In addition, in June 2025, two in-person feedback sessions on STR reporting were conducted with RIs. These sessions were held on a sector-wise basis and included participants from banks, finance companies, Money or Value Transfer Services (MVTs), insurance, primary dealers, and stockbroking. The sessions aimed at enhancing the quality of STR reporting and promoting a better understanding of FIU expectations across sectors.

Furthermore, FIU-Sri Lanka provided timely assistance to RIs throughout the year by responding to their queries on operational, technical and compliance related matters via telephone, email, goAML platform, and other communication channels. RIs mostly seek support on matters such as information submission, resolving technical issues, understanding current market trends related to money laundering, and meeting regulatory requirements. This assistance ensures that RIs are equipped with necessary knowledge from FIU-Sri Lanka to effectively fulfill their statutory responsibilities. Further, the ongoing engagement facilitates smoother reporting processes and strengthens the overall quality and consistency of financial intelligence submitted to FIU-Sri Lanka.

1.4.4. International information sharing and cooperation

FIU-Sri Lanka continued to engage in regional and international information sharing through established secure channels with foreign financial intelligence units. When additional information is required from foreign jurisdictions for analytical purposes of FIU-Sri Lanka or for investigations conducted by the Sri Lanka Police, such information is requested from counterpart FIUs through the Egmont Secure Web (ESW). Table 1.5 shows the number of information requests sent and received by FIU-Sri Lanka via ESW. In addition to these reactive exchanges, FIU-Sri Lanka also sent and received spontaneous disclosures where relevant intelligence was identified as having potential value to foreign partners.



Table 1.6

Sharing of information with foreign counterpart FIUs (2020-2025)

	2021	2022	2023	2024	2025
Requests received by FIU-Sri Lanka	19	27	13	22	20
Requests made by FIU-Sri Lanka	49	35	34	37	53

Information obtained from foreign FIUs was also utilised to support national-level analytical and coordination activities, including its application in the regional cooperation component of the National Risk Assessment. These cross border insights further contributed to other regulatory and supervisory work carried out by FIU-Sri Lanka. In addition, intelligence received through international exchanges was incorporated into strategic analysis, enabling the identification of emerging trends and enhancing the overall depth and quality of FIU-Sri Lanka's analytical outputs.

SRI LANKA'S NATIONAL RISK ASSESSMENT ON MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING - 2024/25

Introduction

In an evolving financial crime risk environment, countries must evaluate the risks that affect the financial system and national security, especially Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) risks. Recommendation 1 of Financial Action Task Force's (FATF) 40 Recommendations provides guidance for this process. It requires countries to identify, assess and understand the ML, TF and PF risks and apply a Risk-based Approach (RBA) to ensure that the measures to prevent/ mitigate ML/TF/PF risks are commensurate with the risks identified. To fulfil this requirement, countries adopt a National Risk Assessment (NRA) procedure.

Sri Lanka successfully completed its NRA on ML, TF and PF during 2024/25 based on data from 2023 to 2025, reaffirming the country's sustained commitment to understanding risks and safeguarding the integrity of its financial system. The assessment, coordinated by FIU-Sri Lanka under the guidance of the National Coordinating Committee (NCC), brought together nearly 200 experts representing 86 public and private sector institutions.

The NRA, conducted in line with FATF Recommendation 1, serves as the foundation for Sri Lanka's RBA in implementing Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering the Proliferation Financing (CPF) measures. This is the third time that Sri Lanka conducted an NRA in order to identify and update the risk understanding of the country.

Importantly, the 2024/25 exercise marks a significant milestone as it incorporates Sri Lanka's first dedicated PF risk assessment, expanding the national risk lens beyond ML and TF.

Key Findings

National Risk Ratings – At a Glance

ML Risk: Medium

TF Risk: Medium-High

PF Risk: Medium

Risk is assessed as a combination of threat and vulnerability.

- Sri Lanka's overall ML risk, a combination of ML threat and ML vulnerability is assessed as **Medium**.
- Sri Lanka's overall ML threat, which remains at a **Medium** level, is driven by major predicate offences including drug trafficking, fraud, customs-related offences/Trade Based Money Laundering (TBML), bribery and corruption, human trafficking, robbery, environmental crimes, Illegal, Unreported and Unregulated (IUU) fishing related activities, tax crimes, violations under Excise Ordinance and counterfeiting of currency. Drug trafficking has consistently remained the dominant ML threat in Sri Lanka and has increased from medium in 2014 to high in 2024/25.
- The country's overall ML vulnerability was also rated as **Medium**. While enforcement actions and institutional reforms have strengthened detection capabilities, vulnerabilities remain in areas such as transparency in beneficial ownership and investigative resource constraints.
- The national TF risk has increased to **Medium-High**, reflecting evolving risks linked to extremist and separatist networks, possible diaspora funding channels, digital radicalisation, and risks stemming from regional geopolitical spillovers.
- National TF vulnerability remains at **Medium** level. Although Sri Lanka maintains a comprehensive legislative framework, TF-specific prosecutions remain limited and further operational enhancements are required.
- PF risk has been assessed at a **Medium** level. While no confirmed PF incidents have been linked to Sri Lanka, the assessment recognises that global proliferation threats remain significant. Sri Lanka's geostrategic trade connectivity presents potential exposure requiring enhanced sanctions screening, beneficial ownership transparency, and strengthened inter-agency coordination. (A more detailed description of the PF risk assessment is provided in Box Article No: 5.)
- Beyond understanding of risks at national level, the NRA provides granular level sectoral risk ratings, enabling targeted supervisory calibration and resource allocation.

Higher ML Risk Sectors

Informal Money Transfer Services, Banks, Finance Companies, Real Estate, Dealers in Precious Metals and Stones, Casinos

These sectors were assessed as having **Medium-High** ML risk.

Other sectors were rated between **Low and Medium** ML risk levels.

Higher TF Risk Sectors

Informal Money Transfer Services

This sector was assessed as **Medium** TF risk.
All the other sectors were assessed at **Medium - Low** TF risk.

- In addition to national level and sectoral risks, the NRA also assessed risks in several emerging thematic areas, the results of which are presented below.

Legal Persons: Medium-High ML risk and Medium TF risk

Legal Arrangements: Medium ML/TF risk

Virtual Assets Service Providers: Low to Medium ML/TF risk and Medium TF risk

Financial Inclusion Products/Services: Low to Medium ML/TF risk and Medium TF risk

National level NPOs: Low to Medium TF risk

Stakeholder Responsibility

The NRA guides the country to understand and thus manage and address serious crime risks. All stakeholders, including Supervisory Authorities (SAs), Law Enforcement Agencies (LEAs), Reporting Institutions (RIs), and Non-Profit Organizations (NPOs), are expected to align their policies, controls, and resource allocation with the risks identified. These stakeholders are responsible for applying proportionate/ risk-based controls, strengthening Customer Due Diligence (CDD) and beneficial ownership transparency, enhancing quality of suspicious transaction reporting, investing in staff training and new technological solutions, improving inter-agency and public-private information sharing and cooperation.

A strong AML/CFT/CPF framework is a shared national responsibility. Sustained commitment,

collaboration, and proactive risk management by all stakeholders will be important to safeguarding Sri Lanka's financial system, preserving investor confidence, and maintaining the country's financial system's integrity among the global financial community. Accordingly, an effective NRA is the quintessential starting point that ensures Sri Lanka remains vigilant, responsive to evolving threats and aligned with international standards in fighting financial crime.

Conclusion

As Sri Lanka prepares for its third Mutual Evaluation, the 2024/25 NRA reinforces the country's commitment to maintaining financial stability, protecting its international reputation, and strengthening national resilience against evolving financial crime threats.

References

1. The Financial Intelligence Unit (2026), Sri Lanka National Risk Assessment on Money Laundering, Terrorist Financing, Proliferation Financing 2024/25 Executive Summary.
2. FATF (2025), Money Laundering National Risk Assessment Guidance.

THE FIRST NATIONAL PROLIFERATION FINANCING RISK ASSESSMENT (PFRA) OF SRI LANKA

In 2025, Sri Lanka completed its first National Proliferation Financing Risk Assessment (PFRA), marking a significant milestone in strengthening the country's compliance framework against proliferation financing risks. The assessment was undertaken to evaluate Sri Lanka's exposure to risks associated with the implementation of Targeted Financial Sanctions (TFS) in line with Financial Action Task Force Recommendations 1 and 7.

Covering the period from 2020 to 2025, the PFRA examined potential risks relating to breaches, non-implementation, or evasion of sanctions imposed by the United Nations Security Council (UNSC), with specific reference to United Nations Security Council Resolution 1718 (2006) and any subsequent resolutions concerning the Democratic People's Republic of Korea (DPRK) and United Nations Security Council Resolutions 1737 (2006), 2231 (2015) and any subsequent resolutions relating to the Islamic Republic of Iran.

The global proliferation financing threat environment remains high, primarily driven by the sanctions evasion activities of the Democratic People's Republic of Korea (DPRK) and Iran. International reports indicate that these actors rely on sophisticated methods including front companies, falsified trade documentation, maritime deceptive practices, and complex financial networks to circumvent sanctions.

In this context, Sri Lanka's direct exposure to these threats is significantly reduced by structural and operational factors that limit Sri Lanka's attractiveness as a proliferation financing jurisdiction. Sri Lanka has not been associated with confirmed proliferation financing incidents, and no domestic cases linked to sanctioned proliferation networks have been identified during the assessed period. However, certain structural characteristics such as Sri Lanka's participation in global trade networks, its maritime and transshipment activities, and existence of corporate entities that may potentially be misused as front companies create potential indirect exposure to proliferation financing risks. These risks are substantially mitigated by Sri Lanka's regulated port infrastructure, visa requirements, limited trade with proliferation-risk jurisdictions, and absence of proliferation-sensitive industries.

For the purpose of the assessment, relevant stakeholder institutions were grouped into five functional sectors representing key proliferation financing exposure points, as shown below:



Sector	Stakeholder Institutions
Financial System Access	• Licensed Banks • Licensed Finance Companies • Stockbrokers • Insurance Companies • Money or Value Transfer Service Providers • Designated Non-Financial Businesses and Professions (DNFBPs)
Supervisory and Regulatory Authorities	• Bank Supervision Department • Department of Supervision of Non-Bank Financial Institutions • Payments and Settlements Department • Department of Foreign Exchange • Securities and Exchange Commission • Insurance Regulatory Commission of Sri Lanka • Financial Intelligence Unit (in supervisory capacity)
Trade and Logistics	• Sri Lanka Customs • Sri Lanka Ports Authority • Merchant Shipping Secretariat • Import and Export Control Department
Corporate Registration	• Department of Registrar of Companies
National Coordination Authorities	• Ministry of Foreign Affairs • Ministry of Defence (Competent Authority) • Financial Intelligence Unit

The assessment methodology adopted was comprehensive and aligned with international best practices, incorporating consultations with relevant government agencies and supervisory and regulatory authorities, as well as an analysis of the prevailing legal, regulatory, and institutional frameworks. The process further incorporated contextual analysis, stakeholder surveys and interviews, and data-driven analysis to support the assessment findings. It also drew upon reports and data published by domestic authorities, complemented by a review of international proliferation financing typologies and case studies derived from UNSC Panel of Experts reports, FATF publications, and proliferation financing risk assessment reports of other regional jurisdictions.

The assessment identified varying levels of exposure, awareness, and mitigation capacity across sectors. Financial institutions and primary supervisory authorities generally demonstrated stronger compliance frameworks, including sanctions screening processes and reporting mechanisms.

However, comparatively lower levels of awareness and technical capacity were observed in certain non-financial sectors, highlighting the need for targeted outreach and guidance.

Overall, Sri Lanka's national proliferation financing risk has been assessed as **Medium**. This rating reflects a combination of a high global threat environment, the presence of certain structural vulnerabilities, and the existence of mitigating measures and control frameworks that are largely effective but require further strengthening.

The PFRA has identified several key risk mitigation priorities, which have been incorporated into the 2026-2030 National AML/CFT/CPF Policy Framework. These include reinforcing inter-agency coordination and information sharing through existing TFS committees and coordination mechanisms, to be implemented on an immediate and ongoing basis (2026-2030); strengthening PF awareness and training across both public and private sectors, to be undertaken on an ongoing basis throughout 2026-2030; improving beneficial ownership transparency and verification, particularly through the effective use of the developing beneficial ownership registry, to be implemented in the short term (2026–2027); enhancing oversight of dual-use goods through improved control lists and strengthening of end-user verification mechanisms, to be implemented in the short to medium term (2026–2028); and expanding supervisory reviews of sanctions screening by further integrating PF aspects into risk-based frameworks for FIs and DNFBPs, to be implemented in the medium term (2027–2029).



02

DOMESTIC AND INTERNATIONAL COOPERATION

2.1 Introduction

During 2025, FIU–Sri Lanka continued to maintain close collaboration with relevant Competent Authorities (CAs) and Regulatory Authorities (RAs), primarily through the timely sharing of information. Engagement with key stakeholders remained a priority, including the provision of opinion on proposed legislative amendments, follow-up on institution-wise action plans, and the delivery of Technical Assistance (TA) and training programmes.

In the area of international cooperation, FIU–Sri Lanka further strengthened its engagement with counterpart FIUs through the exchange of intelligence and information. During the year, FIU–Sri Lanka entered into two Memoranda of Understanding (MOUs) with the National Centre for Financial Information of the Sultanate of Oman and the FIU of the Holy See/Vatican City State to facilitate information exchange.

FIU–Sri Lanka also continued its close coordination with the Asia Pacific Group on Money Laundering (APG) and the Egmont Group, actively participating in meetings and events organised by these bodies throughout the year. These engagements contributed to strengthening international cooperation and enhancing Sri Lanka’s collective efforts in combating money laundering (ML), terrorist financing (TF) and related financial crimes.

The key activities carried out during 2025 relevant to domestic and international cooperation are listed in Figure 2.1.



Figure 2.1

Key Activities and Sub Activities Relevant to Domestic and International Cooperation

Domestic Cooperation

- Policy coordination through AML/CFT National Coordinating Committee
- Facilitating AML/CFT Task Force to monitor stakeholder-wise action plans
- Sharing information with CAs and RAs
- Signing MOUs with domestic agencies
- Responding to Right to Information requests
- Other forms of domestic cooperation

International Cooperation

- Exchanging information with counterpart FIUs
- Signing MOUs with counterpart FIUs
- Coordinating with international review bodies such as FATF/APG on country compliance
- Other forms of international cooperation with counterpart FIUs
- Coordinating International TA missions / workshops

2.2 Domestic Cooperation

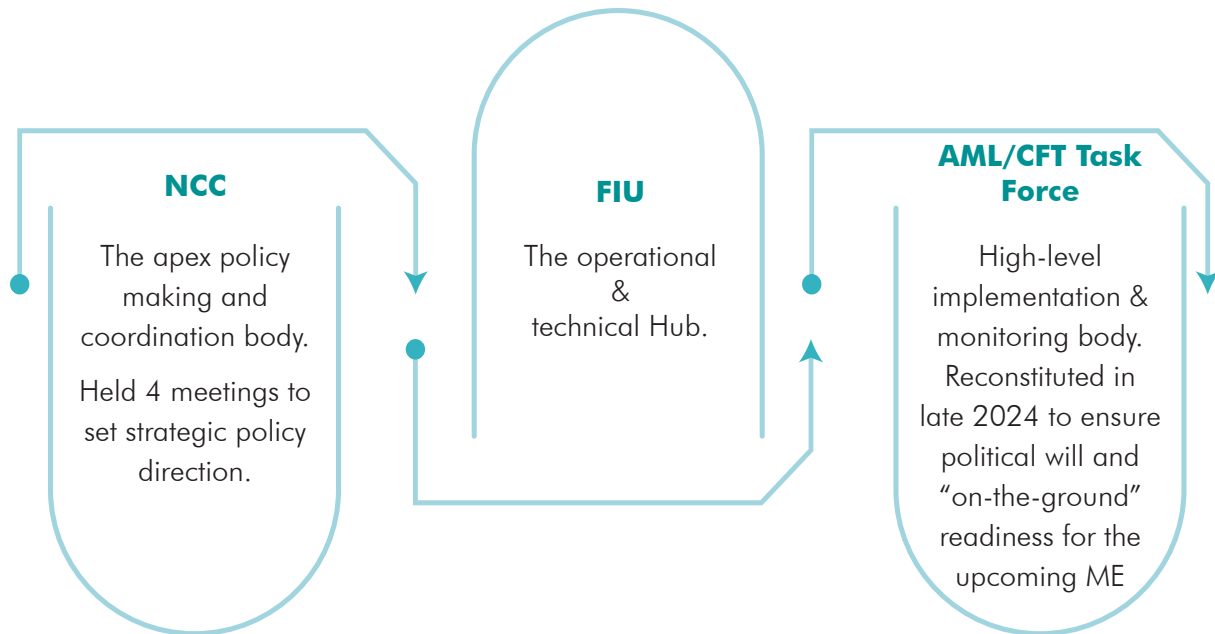
2.2.1 AML/CFT National Coordinating Committee and AML/CFT Task Force

The AML/CFT National Coordinating Committee (NCC) is a Cabinet approved committee that facilitates and coordinates national efforts to combat ML/TF and Proliferation Financing (PF) in compliance with relevant national laws, regulations, and international standards. The Governor of the Central Bank of Sri Lanka serves as the Chairman of the NCC and it comprises of representatives from government agencies, law enforcement authorities, regulatory bodies, and other key stakeholders involved in AML/CFT and Countering Proliferation Financing (CPF) efforts. The committee meets to discuss issues, review progress, and address emerging trends, challenges, and concerns. During 2025, 4 meetings of the NCC were held to discuss policy directions on AML/CFT/CPF matters.

The AML/CFT Task Force, established in December 2023 to operationalise implementation of national AML/CFT/CPF action plans in preparing for the upcoming ME was reconstituted under the directions of H.E. the President, on 23 December 2024 with high-level ministerial representation, ensuring strong government support for AML/CFT/CPF initiatives and alignment with national efforts to combat corruption in Sri Lanka.

During 2025, the AML/CFT Task Force conducted 41 progress review meetings with stakeholders to monitor and follow up on the implementation of the stakeholder-wise action plans.

Figure 2.2



2.2.2 Competent Authorities

FIU-Sri Lanka works closely with a wide range of competent authorities to ensure effective implementation of AML/CFT measures across the country. The CAs include Law Enforcement Agencies (LEAs) such as the Sri Lanka Police, Commission to Investigate Allegations of Bribery or Corruption (CIABOC), Sri Lanka Customs etc, RAs such as the CBSL, Securities Exchange Commission (SEC) etc, other competent authorities such as the Department of Registration of Persons (DRP) and Self-Regulatory bodies such as the Institute of Chartered Accountants of Sri Lanka. FIU-Sri Lanka also collaborates with key ministries such as the Ministry of Finance, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Defence, Ministry of Public Security, and Ministry of Trade.

Figure 2.3

Competent Authorities collaborating with FIU–Sri Lanka**Law Enforcement agencies**

- Sri Lanka Police (CID, CTID, PNB, STF etc.)
- Sri Lanka Customs
- Commission to Investigate Allegations of Bribery or Corruption
- Inland Revenue Department
- Excise Department of Sri Lanka

Regulatory Authorities

- Regulatory departments of the Central Bank (BSD, DSNBFI, DFE, PSD, FCRD)
- Securities Exchange Commission of Sri Lanka
- Insurance Regulatory Commission of Sri Lanka
- National Secretariat for Non-Governmental Organisations
- National Gem and Jewellery Authority
- Condominium Management Authority
- Department of Registrar of Companies

Other Competent Authorities

- Ministry of Defence – Office of Competent Authority
- Ministry of Foreign Affairs
- Attorney General's Department
- Legal Draftsman's Department
- National Intelligence Agencies
- National Dangerous Drugs Control Board
- Department of Immigration and Emigration
- Department of Registration of Persons
- Department of Motor Traffic
- Colombo Port City Commission
- Registrar General's Department
- Department of Wildlife Conservation
- Forest Department

Professional Bodies

- Bar Association of Sri Lanka
- Institute of Chartered Accountants of Sri Lanka

Statistics on dissemination of information to CAs for 2025 are presented in Section 1.3, in Chapter 1: Referring and Dissemination of STRs to LEAs and RAs.

2.2.3 Memoranda of Understanding with domestic agencies

By the end of 2025, the total number of MOUs signed with CAs and RAs stood at 16.

Figure 2.4

MOUs with Domestic Agencies (as at December 31, 2025)



2.2.4 Other forms of domestic cooperation

During 2025, FIU–Sri Lanka engaged in and facilitated several legislative amendments to strengthen the AML/CFT/CPF legal framework of the country. As the Secretariat to the AML/CFT Task Force, FIU–Sri Lanka facilitated the work of the Task Force throughout the year in reviewing the progress of implementation of stakeholder-wise action plans. Further, FIU-Sri Lanka conducted and participated in working group meetings relating to Trade Based Money Laundering (TBML), Narcotics, Tax Crimes, and Bribery and Corruption.

NRA 2024/25, Sri Lanka's third national risk assessment covering the period 2023 to 2025, was coordinated by FIU-Sri Lanka under the policy guidance of the NCC. The assessment was conducted with the participation of multi-agency working groups comprising nearly 200 expert representatives from 86 key public and private sector stakeholder institutions. This assessment included Sri Lanka's first PF risk assessment, marking a significant milestone in strengthening the country's AML/CFT/CPF framework. The NRA process continues to benefit from the highest level of political commitment.

Sri Lanka conducted its first NRA in 2014 following the revision of the FATF Recommendations in 2012. The second NRA was undertaken during 2021–2022, incorporating data from 2015 to 2022, and was completed despite the challenges posed by the COVID-19 pandemic and economic instability.

Table 2.1
Other Forms of Domestic Cooperation – 2025

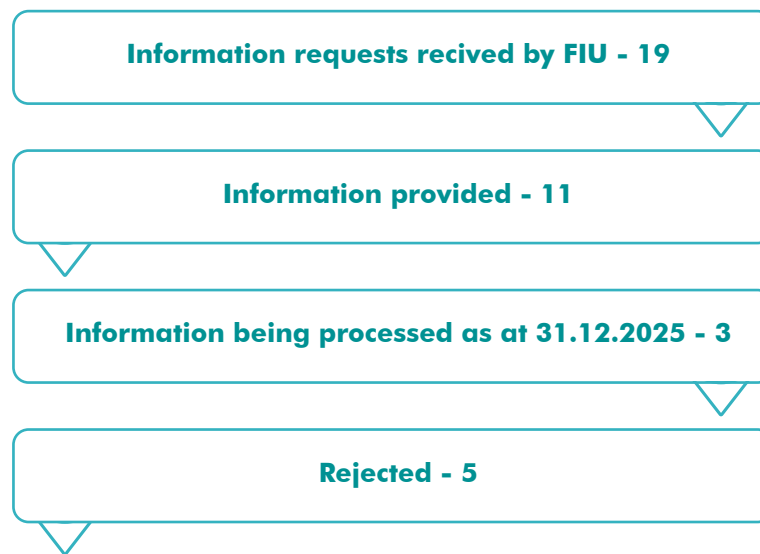
Introducing amendments to the main AML/CFT/CPF legislations	• Prevention of Money Laundering Act, No. 5 of 2006 • Financial Transactions Reporting Act, No. 6 of 2006 • Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
Facilitating related legislative enactments and amendments	Amendments passed • Companies (Amendment) Act, No. 12 of 2025 • Proceeds of Crime Act, No. 5 of 2025 • Gambling Regulatory Authority Act, No. 17 of 2025 Amendments at draft stage • Voluntary Social Service Organizations (Registration and Supervision) Act, No. 31 of 1980 • Trust Ordinance • Strategic Trade Management Bill • Institute of Real Estate Professionals, Sri Lanka Bill
Assisting in preparation of regulations and guidelines,	Facilitated introducing regulations under the • Colombo Port City Economic Commission Act, No. 11 of 2021 and • Money or Value Transfer Service (MVTs) Providers Regulations No. 1 of 2024
Implementation of UNSCRs	As a permanent member of the Targeted Financial Sanctions (TFS) Committee, FIU - Sri Lanka actively contributed in 7 committee meetings to ensure effective implementation of UNSCRs in Sri Lanka.
Stakeholder-wise Action Plans	Supported for 41 AML/CFT Task Force meetings with stakeholder institutions to review progress of implementation of action plans of each stakeholder.
Working Group Discussions	Active participation in working groups on matters relating to Sri Lanka Customs, Inland Revenue Department., Police Narcotics Bureau, CIABOC, CNI, and NRA .

2.2.5 Right to Information requests

FIU–Sri Lanka is a separate public authority for purposes of the Right to Information Act, No. 12 of 2016 (RTI Act). Accordingly, during 2025 FIU–Sri Lanka received 19 requests under the RTI Act and provided responses to 11 such requests in accordance with the RTI Act. Figure 2.5 presents the statistics on handling of information requests made under the RTI Act.

Figure 2.5

Handling of information requests made under the Right to Information Act – 2025



2.3 International cooperation

FIU–Sri Lanka cooperates with international bodies such as the APG and the Egmont Group as well as counterpart FIUs around the globe. The mode of sharing information with counterpart FIUs is through the Egmont Secure Web (ESW) as well as through bilateral means.

Table 2.2 shows the information requests received, and information requests made by FIU–Sri Lanka from 2021 to 2025.



Table 2.2

Sharing of information with foreign counterpart FIUs (2021-2025)

Year	Requests received	Requests made
2021	19	49
2022	27	35
2023	13	34
2024	22	37
2025	20	53

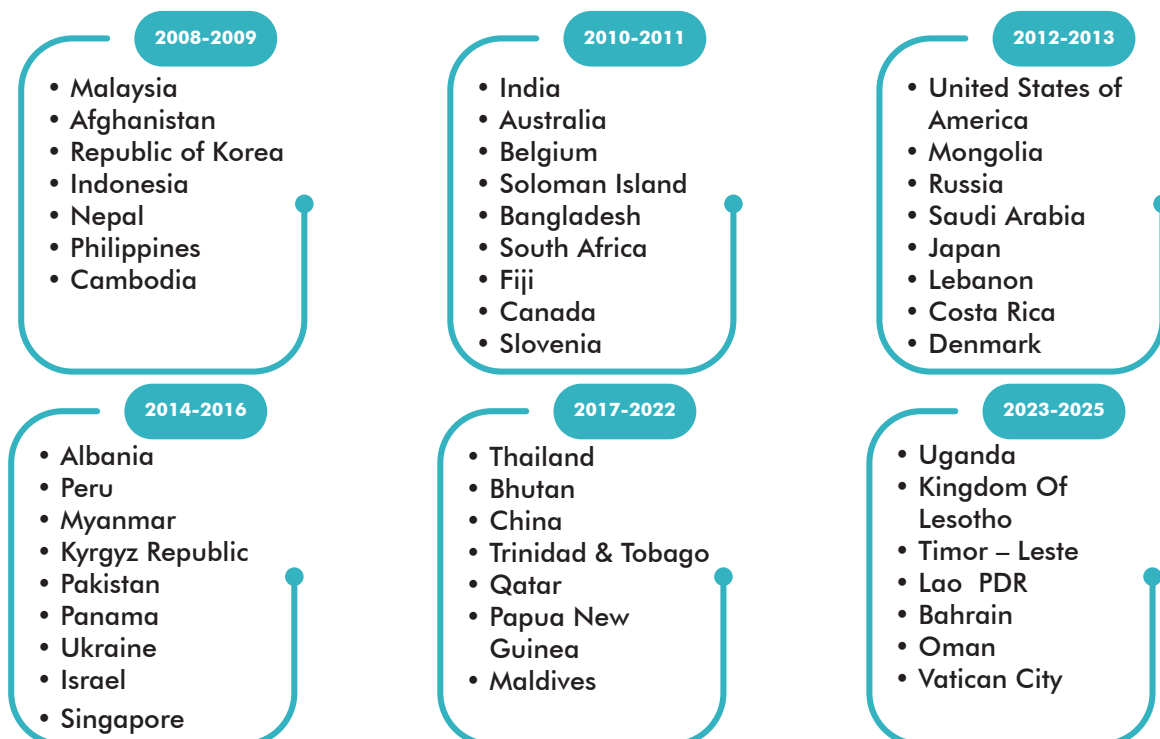
Source: Financial Intelligence Unit- Sri Lanka

2.3.1 Memoranda of Understanding with counterpart FIUs

As of end 2025, with the signing of MOUs with the National Centre for Financial Information of the Sultanate of Oman and the FIU of the Holy See/Vatican City, FIU – Sri Lanka has entered into MOUs with 47 foreign counterparts for sharing of information for intelligence purposes. Further, during 2025, FIU – Sri Lanka was in discussions with the FIUs of New Zealand, Mauritius and the United Arab Emirates (UAE) to finalise mutually beneficial formal arrangements.

Figure 2.6

Memoranda of Understanding with foreign counterpart FIUs



2.3.2 Other Forms of International Cooperation

FIU – Sri Lanka participated at the APG and the Egmont Group Plenaries and Working Group meetings held during the year and at the same time FIU–Sri Lanka received/ organised expert consultations/ workshops/seminars with the participation of international TA providers and counterparty FIUs. Admirably, FIU– Sri Lanka provided expert assessor capability for the ME of Canada and reviewers for follow-up reviews of Lao PDR and Vietnam.

Table 2.3
Other Forms of International Cooperation - 2025

Asia Pacific Group on Money Laundering (APG):	
	2025 APG Annual Meeting and Technical Assistance Forum (APG Plenary) was held in Japan during August 25-29, 2025. A delegation from Sri Lanka headed by the Governor, including 3 officers from FIU–Sri Lanka and 1 officer each from the Attorney General’s Department, Ministry of Foreign Affairs, and Sri Lanka Customs attended the Plenary. The APG regional forum enabled member countries to review AML/CFT progress, ME outcomes, and coordinate TA and cooperation.
	The APG ME Schedule for Global 5th Round of Assessments was approved at the APG Plenary 2025. Sri Lanka is among the first APG only member countries to be assessed in the Global 5th Round ME schedule. Sri Lanka’s ME is scheduled to commence in March 2026, with the onsite visit scheduled during last week of October and 1st week of November 2026.
	A high-level delegation from the APG visited Sri Lanka during March 10-12, 2025, to provide critical insights and support for the upcoming ME, scheduled to commence in March 2026.
	The APG high-level delegation engaged with local authorities to discuss Sri Lanka’s preparedness for this important evaluation. Accordingly, the delegation met with the Governor, who serves as the Chairman of the National Coordinating Committee on AML/CFT, to discuss Sri Lanka’s progress, challenges, and strategic priorities ahead of the evaluation. The delegation held multiple meetings with the officers of FIU-Sri Lanka and the AML/CFT Task Force, the Minister of Foreign Affairs, Chief Justice, Attorney General, representatives from LEAs, regulatory bodies and the private sector..
	An officer from FIU – Sri Lanka was selected by the FATF to contribute as an assessor for the Canada ME, conducted in 2025. Further, two officers of the FIU – Sri Lanka contributed as reviewers for the Follow-up Reports (FUR) of Vietnam and Lao PDR. The Lao PDR FUR was adopted at the APG Mutual Evaluation Committee (MEC) meeting held on 12.06.2025 and the Vietnam FUR was adopted at the MEC meeting held on 31.07.2025.
	FIU – Sri Lanka regularly interacted with its regional counterparts via the APG South Asian regional group.



Egmont Group:
• The 31st Plenary of the Egmont Group was held during July 6-11, 2025 at Luxembourg. The Director and a Deputy Director of FIU–Sri Lanka attended the Plenary representing FIU–Sri Lanka. This meeting was attended by the Heads of FIUs of the Egmont Group member countries, enabling advantageous networking opportunities. The meeting facilitated enhanced international cooperation, information sharing, and identification of emerging ML/TF typologies, while strengthening FIU Sri Lanka’s analytical capacity and engagement with global counterparts.
• The officers of FIU– Sri Lanka attended the Egmont Working Group Meetings held virtually during January 28- February 5, 2025.
• The FIU Leadership Forum was held in Bern, Switzerland, during October 11- 17, 2025 and was attended by the Additional Director of FIU– Sri Lanka.

Technical Assistance (TA):
• The ECOFEL (training arm of the Egmont Group) conducted tailor-made operational and strategic analysis training courses for FIU-Sri Lanka analysts.
• The Department of Revenue of India, in collaboration with the High Commission of India in Sri Lanka conducted consecutive TA programmes supporting AML/CFT Mutual Evaluation preparations. Senior officials from key Indian regulatory and supervisory authorities engaged with Sri Lanka’s financial sector regulators, sharing technical insights and practical experience from India’s recent Mutual Evaluation.
• The US Department of the Treasury conducted an AML/CFT scoping mission to identify priority TA needs.
• FIU–Sri Lanka engaged with the High Commission of Canada and the British High Commission on illicit financial flows and related risks.
• FIU–Sri Lanka met with Asian Development Bank’s Trade and Supply Chain Finance (ADB-TCSF) team to review the TBML Pilot Project and discuss future cooperation.
• The World Bank is engaged in continuous discussions with Sri Lankan authorities including FIU–Sri Lanka on providing support for establishing a Beneficial Ownership registry.
• The EU Global Facility on AML/CFT conducted a scoping mission to identify potential TA areas, together with FIU-Sri Lanka. As well as held several virtual sessions for the Judiciary.
• FIU-Sri Lanka carried out AML/CFT supervision capacity-building programmes for financial sector supervisors and regulators.
• In coordination with the APG, the UK’s HM Treasury and British High Commission conducted a programme for FIU-Sri Lanka focusing on Immediate Outcomes 3 and 4, which addressed supervision and preventive measures for Financial Institutions and DNFBPs.

Further information on TA received during 2025 is presented in Section 1.3 of Chapter 4 - Capacity Building.

2.3.3 Sri Lanka's technical compliance level on FATF 40 Recommendations

With the adoption of the Mutual Evaluation Report (MER) at the APG Plenary in July 2015, Sri Lanka submitted annual progress reports on implementing actions recommended in the MER, with the last report being submitted in 2021. Sri Lanka's technical compliance progress on the FATF 40 Recommendations since the last MER are depicted in Table 2.3 below.

Table 2.4

Current ratings of Sri Lanka's technical compliance of FATF 40 Recommendations

Level of Compliance	At the MER Adoption in July 2015	After Re-rating in 2016	After Re-rating in 2018	After Re-rating in 2019	After Re-rating in 2020	After Re-rating in 2021
Compliant (C)	5	5	6	7	7	7
Largely Compliant (LC)	7	16	21	24	24	25
Partially Compliant (PC)	16	13	8	7	8	7
Non-Compliant (NC)	12	6	5	2	1	1
	40	40	40	40	40	40

BENEFICIAL OWNERSHIP TRANSPARENCY: STRENGTHENING SRI LANKA'S AML/CFT FRAMEWORK

FATF Standards on Beneficial Ownership

The Financial Action Task Force (FATF) identifies transparency of Beneficial Ownership (BO) as a cornerstone of an effective Anti-Money Laundering/Countering the Financing of Terrorism/Countering the Proliferation of Financing (AML/ CFT/ CPF) framework. When the natural persons who ultimately own or control companies, trusts, and other legal vehicles are obscured, these structures may be misused to conceal illicit funds, facilitate layering of transactions, and disguise terrorist financing. To mitigate these risks, FATF has established clear international standards:

- **Recommendation 24** requires countries to ensure transparency of legal persons, mandating that competent authorities have timely access to adequate, accurate, and up-to-date information on the natural persons who ultimately own or control corporate entities.
- **Recommendation 25** extends these requirements to legal arrangements such as express trusts, requiring the identification of settlers, trustees, beneficiaries, and any other natural persons exercising ultimate effective control. If any party to a legal arrangement is itself a legal person, the BO of that legal person must also be identified.

To align with FATF Recommendations, Sri Lanka has enacted major legislative reforms to strengthen transparency and accountability in BO.

Sri Lanka's Legislative Developments

A. Companies (Amendment) Act, No. 12 of 2025

In Sri Lanka, companies are the main legal persons through which ownership interests arise, while other legal persons are assessed by effective control. To mitigate risks of misuse of corporate vehicles, disclosure of BO was introduced through the Companies (Amendment) Act, No. 12 of 2025 effective since 30.03.2026, requiring companies, shareholders, directors, and company secretaries to comply with these provisions. Key provisions are listed below.

Beneficial Ownership Disclosure (New Sections 130A–130J)

- **Scope of application:** Applies to all companies, including overseas and offshore

companies (s 130A (1) read with s 130A (10)).

- **Disclosure:** Companies must notify the Registrar of Companies (“Registrar”) within 20 working days of incorporation or share issue/ transfer, providing full BO details (identity, address, nationality, nature and extent of ownership or control, and the date of acquisition (s 130A (1))).
- **Shareholder obligations:** Must submit their particulars within ten working days of the subscription for or transfer of shares (s 130A (2)).
- **Directors/ secretaries obligations:** Required to disclose BO information to the Registrar (s. 130A (3)) and ensure that it is recorded in the company’s register of beneficial owners (s. 130A (4)).
- **Record-keeping:** BO records must be retained for at least ten years (s. 130A (5)).
- **Central register:** The Registrar to maintain a register of beneficial owners (s. 130A (6)).
- **Local point of contact:** Companies must appoint a resident person responsible for the safekeeping and disclosure of BO records (s.130C(1)).
- **Access to information:** The Registrar must provide BO information to designated authorities (Attorney-General, FIU-Sri Lanka, Customs, Inland Revenue, law enforcement, procurement and regulators) (s. 130B). A redacted version is public (s. 130D (1)), while fuller access may be granted under the Right to Information Act, No.12 of 2016 (s. 130D (2)).
- **Sanctions:** Non-compliance or false/ misleading disclosure may result in penalties of up to Rs. 1 million and/or imprisonment of up to 10 years.
- **Definition:** A “beneficial owner” is defined as a natural person who holds 10% or more share ownership or otherwise exercises “effective control”, directly or indirectly (s 130J).

B. Amendments to the Trusts Ordinance

To comply with FATF Recommendation 25, the Trusts Ordinance (Amendment) Act, No. 6 of 2018, introduced several key provisions:

- **Definition of “express trust”:** A trust created by the author through a written instrument clearly indicating intent, excluding constructive or de facto trusts, whether charitable or not (s. 3).

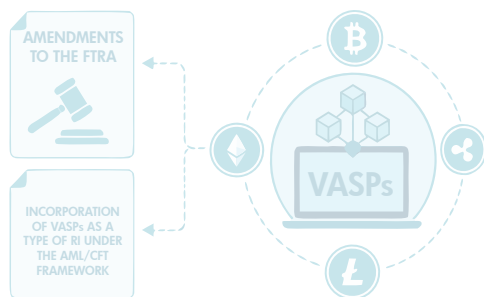
- **Register:** The Registrar General must maintain a register of express trusts (s. 6A).
- **Information sharing:** The Registrar General is required to provide trust-related information to FIU-Sri Lanka or other authorities with FIU Sri Lanka's written sanction (s. 6B).
- **Trustee obligations:** Trustees must keep prescribed records on the identities of trustees, co-trustees, authors, beneficiaries, and other persons involved (agents, legal representatives, managers, tax advisors, accountants, etc.) (s. 19A). These records must be verified and updated every three months (s. 19A (2)), retained for at least six years (s. 19A (5)) and must provide identity information to relevant authorities when required (s. 19B).
- **Regulatory power:** The Minister is empowered to make regulations on all prescribed matters (s. 115A).

Complementing the reforms applicable to legal persons and to meet the revised criteria under Recommendation 25, further amendments to the Trusts Ordinance are being pursued to mitigate risks associated with legal arrangements. Under the proposed framework, trustees will be subject to enhanced obligations to obtain, maintain, and retain adequate, accurate, and current information on settlors, beneficiaries, and any other persons exercising effective control over the trust. Where any such party is a legal person, the BO information of that legal person must also be identified and retained. The amendments place clear responsibility on trustees to ensure the ongoing availability of BO information for competent authorities and introduce administrative and penal sanctions for noncompliance.

Conclusion

Through these legislative reforms, Sri Lanka has taken decisive steps to strengthen BO transparency across both legal persons and legal arrangements. Once fully operationalised, these measures will materially enhance the country's compliance with FATF Recommendations 24 and 25, reduce vulnerabilities to misuse of corporate and trust structures, and reinforce effectiveness of the national AML/CFT/CPF framework.

03



STRENGTHENING AML/CFT SUPERVISION

3.1. Introduction

FIU–Sri Lanka supervises Financial Institutions (FIs) and Designated Non-Finance Businesses and Professions (DNFBPs) in accordance with the Financial Transactions Reporting Act, No. No. 6 of 2006 (FTRA), which empowers it to monitor compliance through examinations and to take administrative enforcement actions. Further, under Section 23 of the FTRA, Supervisory Authorities (SAs) are mandated to verify institutional compliance and collaborate with FIU–Sri Lanka and Law Enforcement Agencies (LEAs) during investigations, providing a strong legal basis for coordinated oversight across authorities.

To enhance supervisory efficiency and ensure consistent implementation of AML/CFT requirements, FIU–Sri Lanka also engages in joint supervision with regulators based on formal Terms of References (ToRs) with regulatory departments. These arrangements facilitate structured information sharing, coordinated onsite examinations, and a riskbased, coordinated approach to AML/CFT supervision across the financial system.

In 2025, FIU–Sri Lanka’s supervisory activities entered a new phase with the introduction of two dedicated supervision divisions: Supervision Division 1 (FIs) and Supervision Division 2 (DNFBPs). This shift enabled a more focused and specialised approach to AML/CFT supervision while efficiently managing limited resources.

In parallel, FIU–Sri Lanka strengthened its preparedness for emerging regulatory challenges by initiating, during the second half of 2025, the integration of Virtual Asset Service Providers (VASPs) into the national AML/CFT supervision framework. This work was undertaken alongside ongoing amendments

to the FTRA which would formally incorporate VASPs as a type of RI under the AML/CFT framework. The early preparatory efforts were aimed at supporting the commencement of VASP supervision from 2026 onwards.

The supervisory activities carried out in 2025 demonstrate the continued commitment of FIU–Sri Lanka and regulators to safeguarding the financial system from evolving ML/TF/PF threats, while strengthening institutional compliance and reducing sectoral vulnerabilities in alignment with international standards.

In 2025, FIU–Sri Lanka provided a high-quality international AML/CFT training session for examiners of the Central Bank, Securities Exchange Commission, and Insurance Regulatory Commission of Sri Lanka (IRCSL) to improve their examination quality, capacity, and supervisory skills.

3.2. Supervision of Financial Institutions (Supervision Division 1)

3.2.1 Advancements in institutional ML/TF risk assessment

FIU–Sri Lanka continued to refine its risk-based supervision methodology in 2025, placing emphasis on the dynamic risk environment affecting FIs. Risk assessments were carried out through a structured off-site process, supported by enhanced data collection mechanisms and closer engagement with sector regulators.

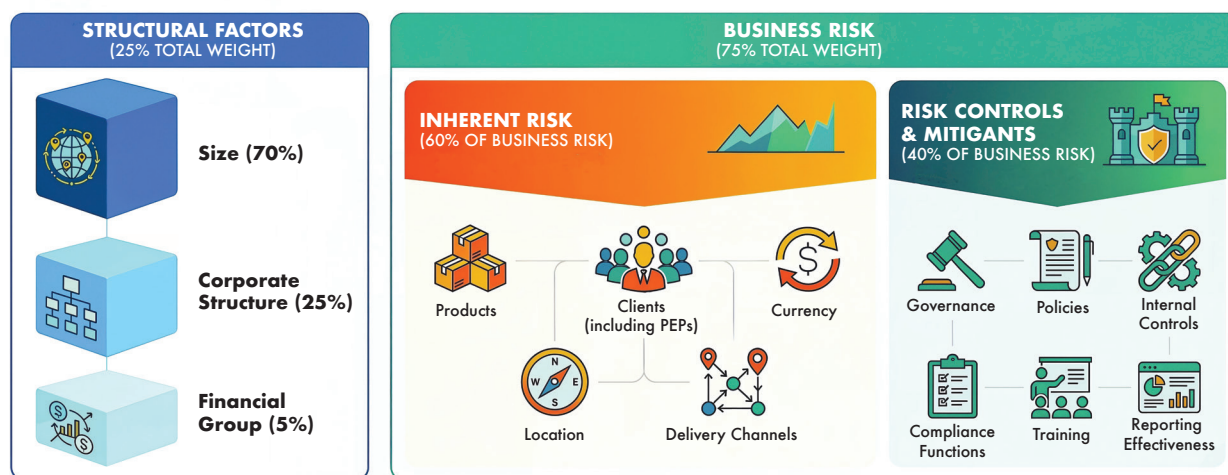
a. Enhancements to the risk assessment framework

In 2025, several improvements were introduced to the institutional ML/TF risk assessment framework:

- **Expanded sector coverage**, particularly in preparation for onboarding VASPs to the AML/CFT regime.
- **Updated risk indicators** to reflect new financial products, digital service channels, cross-border activities, and changes observed during on-site examinations.
- **Revised scoring methodologies** to better capture non-compliance risks, governance concerns, and institution-wide control weaknesses.
- **Improved incorporation of qualitative supervisory judgment**, allowing for clearer differentiation among institutions with similar business models but differing risk cultures (such as Banks and Non-Bank Financial Institutions).

As in previous years, risk assessments considered inherent risks relating to customers, products and services, delivery channels, and geographic exposure, as well as the adequacy of risk mitigants such as governance structures, policies and procedures, training, monitoring mechanisms, and reporting obligations under the FTRA.

Figure 3.1

Risk Assessment Components, 2025**b. Off-site ML/TF risk assessments conducted in 2025**

Off-site risk assessments for all regulated FIs were completed by the relevant internal regulatory departments of the Central Bank: Bank Supervision Department (BSD), Department of Supervision of Non-Bank Financial Institutions (DSNBFI), Payments and Settlement Department (PSD), and Department of Foreign Exchange (DFE), in collaboration with FIU–Sri Lanka, within its mandate. Further, IRCSL and SEC conducted risk assessments for their sectors for the year and shared the assessment outcomes with FIU–Sri Lanka. The process incorporated updated information from the 2025 questionnaires and prior-year examination findings.

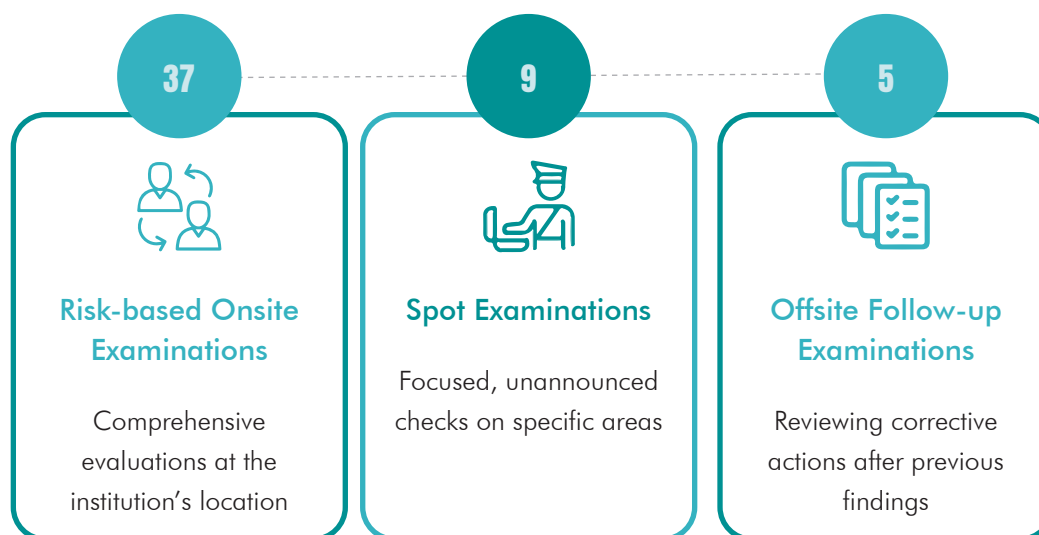
For 2025:

- 60% of the weight is allocated for inherent risk factors, while 40% weight is allocated for mitigating measures/controls to reflect the correct risk level of the institutions.
- New sector-specific considerations for MVTs & EMS providers, PDs, and Restricted Dealers (RDs)/ Authorized Money Changers (AMCs) were applied.
- The data quality of threshold and suspicious transaction reports was given greater weight.

3.2.2. Supervisory activities conducted in 2025

Supervision Division 1 carried out a comprehensive set of supervisory activities, including joint risk-based onsite examinations, follow-up examinations, and spot inspections. Accordingly, the division completed a total of 51 supervisory engagements during the year and conducted two thematic reviews apart from planned onsite and follow-up examinations

Figure 3.2

Summary of supervisory activities, 2025**3.2.1.1. AML/CFT on-site examinations**

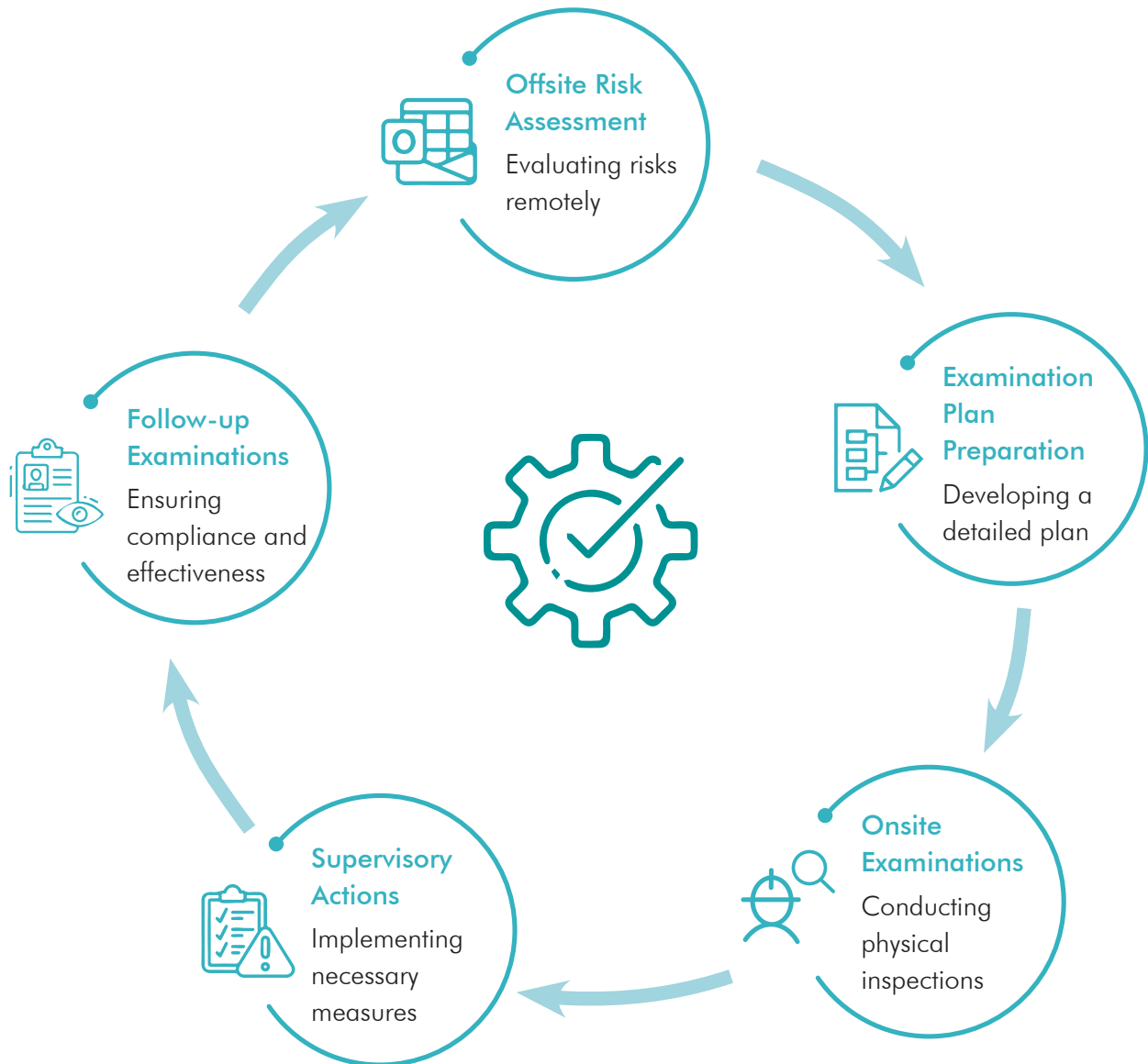
FIU–Sri Lanka continued to apply a Risk-Based Approach (RBA) to selecting institutions for on-site AML/CFT examinations. Priorities were aligned with both off-site risk ratings and emerging market trends identified during the year.

a. Onsite Examination Approach

Key focus areas during 2025 examinations included:

- AML/CFT Policies & Procedures
- Institutional AML/CFT Risk Assessments
- Implementation of Targeted Financial Sanctions (TFS)
- Identification and verification of Beneficial Ownership (BO)
- Management of PEP-related risks
- Quality and governance of Transaction Monitoring Systems (TMS) and STR reporting
- Cross-border exposure, especially in relation to digital channels and correspondent relationships
- Controls relating to high-risk jurisdictions
- Preparedness for risks associated with virtual assets and related business models
- Conduct of internal Audits on AML/CFT and TMS audits.

Figure 3.3

Risk-Based onsite examination cycle, 2025

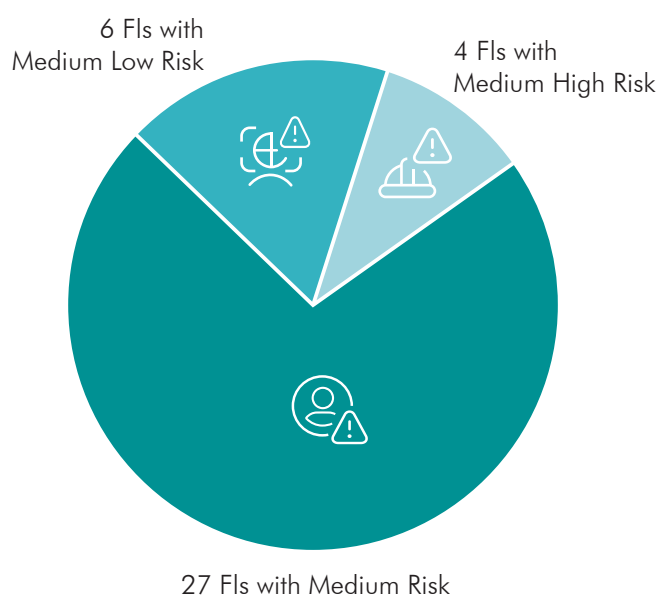
b. On-site examinations completed in 2025

Table 3.1
On-site examinations by FI type, 2021–2025

Type of FI	2021	2022	2023	2024	2025
LCBs	1	12	4	8	10
LSBs	0	4	1	2	1
LFCs	0	3	5	8	8
MVTS Providers	1	0	1	2	1
PDs	0	2	2	1	2
SBs	3	1	5	4	4
ICs	0	3	5	3	5
AMCs/ RDs	0	0	0	11	5
LMFCs	0	0	0	0	1
Total	5	25	23	39	37

Source: Financial Intelligence Unit

Figure 3.4
On-site examinations by risk rating, 2025



c. Follow-up and spot examinations

FIs with previously identified deficiencies, for which action plans with timelines were initially provided, were subjected to follow-up reviews to ensure agreeable and timely rectification. Further, spot examinations were initiated based on information received from regulators, intelligence holdings, and outcome from thematic reviews.

Table 3.2
Follow-up and spot examinations, 2021–2025

Type of FI	Follow-up					Spot				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
LCBs	2	-	2	2	4	2	18	2	5	2
LSBs	-	-	-	2	-	-	2	-	-	-
LFCs	2	-	-	5	1	5	2	-	-	4
ICs	-	-	-	-	-	-	-	-	1	-
MVTS	-	-	-	-	-	-	-	-	-	1
AMCs/RDs	-	-	-	-	-	-	-	-	-	2
Total	4	0	2	9	5	7	22	2	6	9

Source: Financial Intelligence Unit

3.2.1.2. Joint supervision with sector regulators

FIU–Sri Lanka continued to strengthen joint supervision with banking, finance, securities, and insurance regulators. Joint engagements improved sector-wide consistency, reduced duplication, and encouraged stronger governance oversight within supervised entities.

In 2025, joint examinations were conducted with:

- Bank Supervision Department (BSD)
- Department of Supervision of Non-Bank Financial Institutions (DSNBFI)
- Payments and Settlements Department (PSD)
- Department of Foreign Exchange (DFE)
- Securities and Exchange Commission (SEC)
- Insurance Regulatory Commission of Sri Lanka (IRCSL)

Further, in December 2025, FIU–Sri Lanka entered into ToRs to facilitate joint supervision with BSD, DSNBFI, PSD, DFE, and IRCSL. The ToR between FIU–Sri Lanka and the SEC is completed

in January 2026. These ToRs provide guidance on joint supervision conducted by FIU–Sri Lanka and the respective sector regulators, including a framework for sharing information on supervisory findings.

Table 3.3
Joint supervision activities, 2021–2025

Supervisory Authority	2021	2022	2023	2024	2025	Total
BSD	4	16	4	7	9	40
SNBFI	0	2	2	5	10	19
SEC	0	1	5	4	4	14
IRCSL	3	3	5	3	5	19
PSD*	0	0	0	2	1	3
DFE*	0	0	0	11	7	18
Total	7	22	16	32	36	

Source: Financial Intelligence Unit

*Joint supervisions with PSD and DFE commenced in 2024.

3.2.3. Supervisory actions taken in 2025

Supervisory actions during 2025 aligned with FIU–Sri Lanka’s commitment to ensure proportional, dissuasive, and effective enforcement under the FTRA. Actions ranged from advisory communications to administrative penalties, depending on the seriousness of the deficiencies.

Types of supervisory actions included:

1. **Regulator Notifications** – For deficiencies identified during joint examinations that required supervisory follow-up.
2. **Letters Requiring Rectification** – Issued for minor or moderate deficiencies identified during stand-alone examinations.
3. **Show Cause Letters** – Applied when significant non-compliances under section 19 of the FTRA or CDD Rules were observed.
4. **Monetary Penalties** – Monetary penalties may be decided by the AML/CFT Enforcement Committee where it is determined that the response to the show cause notice is unsatisfactory.
5. **Publication of Sanctions** – Details of the penalty, including the name, amount, and the violation/non-compliance, is published in newspapers every quarter by FIU–Sri Lanka and shared with relevant regulators.

Table 3.4
Supervisory actions on FIs, 2021–2025

Actions Taken	2021	2022	2023	2024	2025
Warning letters issued	5	8	16	25	31
Follow-up warning letters issued	1	1	0	5	3
Show cause letters issued	5	8	15	9	13
Penalties imposed	7	6	13	6	11

Source: Financial Intelligence Unit

Table 3.5
Monetary penalties imposed on FIs, 2021 – 2025

Year	Type of FI	Non - Compliance Observed	Amount (Rs.)
2021	LCB	Section 4(4), 14(1), 14(1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2) of the CDD Rules for FIs	500,000.00
	LCB	Section 5 and 7 of the FTRA, Rules 27, 91, 96, 37, 38, 7, 8, 9, 27 (2) of the CDD Rules for FIs	3,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	2,000,000.00
	LCB	Section 5(b), 14 (1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2) of the CDD Rules for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	500,000.00
	LFC	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	500,000.00
Total			10,500,000.00

Year	Type of FI	Violation	Amount (Rs.)
2022	LCB	Section 9 (1) of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	2,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rules for FIs	4,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	3,000,000.00
	LCB	Section 2, 5 (b), 6 and 14 (1) (b) (iii) of the FTRA and Rules 7, 8, 9, 10 and 27(2) of the CDD Rules for FIs	1,000,000.00
	LSB	Rule 95 of the CDD Rules for FIs	750,000.00
Total			11,750,000.00
2023	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Section 7 of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LCB	Rules 95 and 59 of the CDD Rules for FIs	7,000,000.00
	LCB	Rules 95 and 59 of the CDD Rules for FIs	6,000,000.00
	LSB	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LSB	Section 6 of the FTRA	500,000.00
	LFC	Section 6 of the FTRA	300,000.00
	LFC	Section 6 of the FTRA	200,000.00
	LFC	Section 6 of the FTRA	700,000.00
	LFC	Section 6 of the FTRA	500,000.00
	MVTS	Rules 85 and 86 of the CDD Rules for FIs	1,000,000.00
Total			21,200,000.00

Year	Type of FI	Violation	Amount (Rs.)
2024	LCB	CDD	1,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs and CDD	2,000,000.00
	LCB	Section 6 of the FTRA	1,000,000.00
	LCB	Section 6 of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	2,000,000.00
	Insurance	Rule 95 of the CDD Rules for FIs	1,000,000.00
Total			8,000,000.00
2025	LSB	Sections 5(b), 6, 14 (1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2), 68 and 95 of the CDD Rules for FIs	3,500,000.00
	LFC	Sections 5(b), 6, 14 (1) (b) (iii), 15 (3) of the FTRA, Rules 7,8,9,10, 27(2) of the CDD Rules for FIs	2,000,000.00
	LFC	Section 6 of the FTRA	1,000,000.00
	LCB	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LCB	Section 6 of the FTRA	1,000,000.00
	MVTS	Rules 5, 6, 7 and 95 of the CDD Rules for FIs	2,000,000.00
	LFC	Section 6 of the FTRA	1,000,000.00
	LCB	Section 6 of the FTRA and Rule 95 of the CDD Rules for FIs	2,000,000.00
	SBs	Section 6 of the FTRA	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	1,000,000.00
	LFC	Rule 95 of the CDD Rules for FIs	3,000,000.00
Total			18,500,000.00

Source: Financial Intelligence Unit

A key observation for 2025 is that despite conducting a significantly higher number of risk-based examinations, the number of serious enforcement actions (show cause and penalties) remained increased.

Figure 3.5

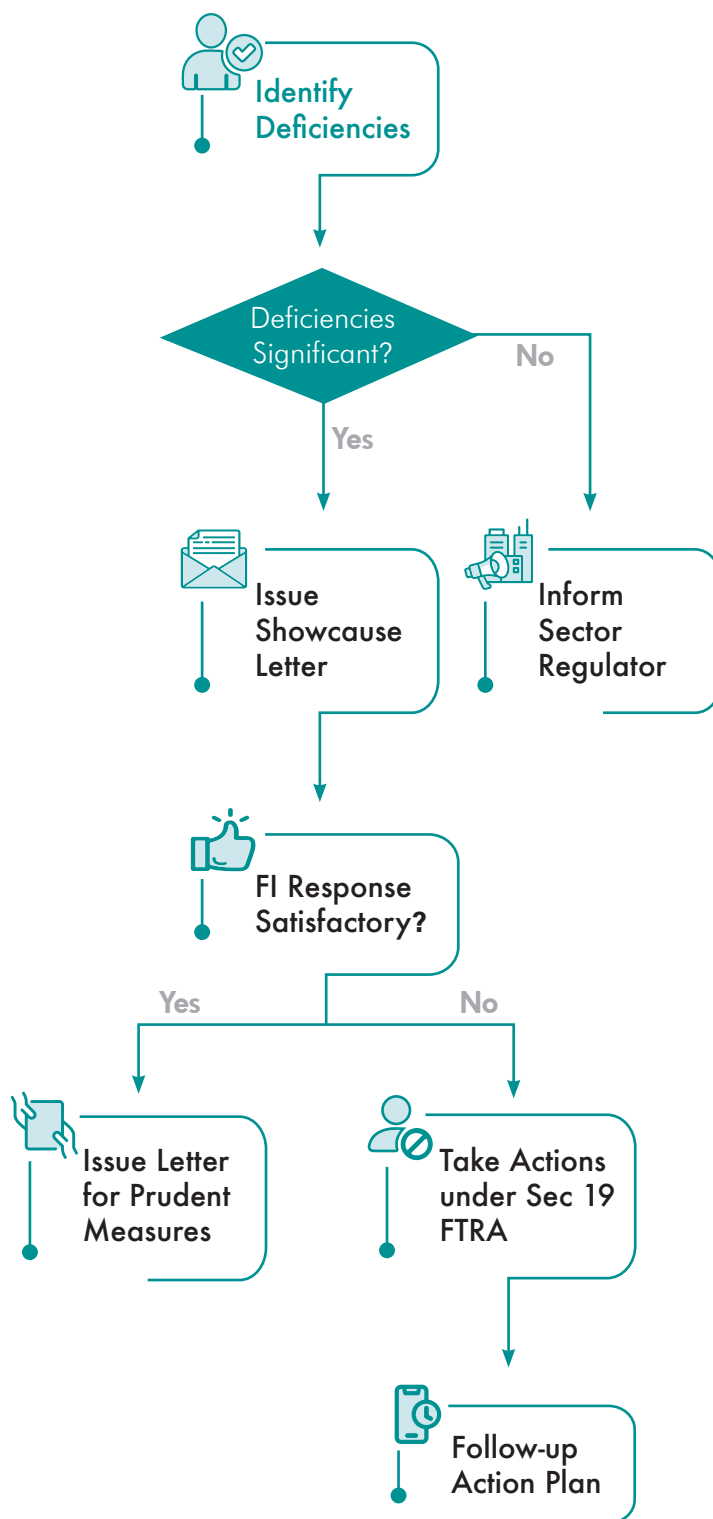
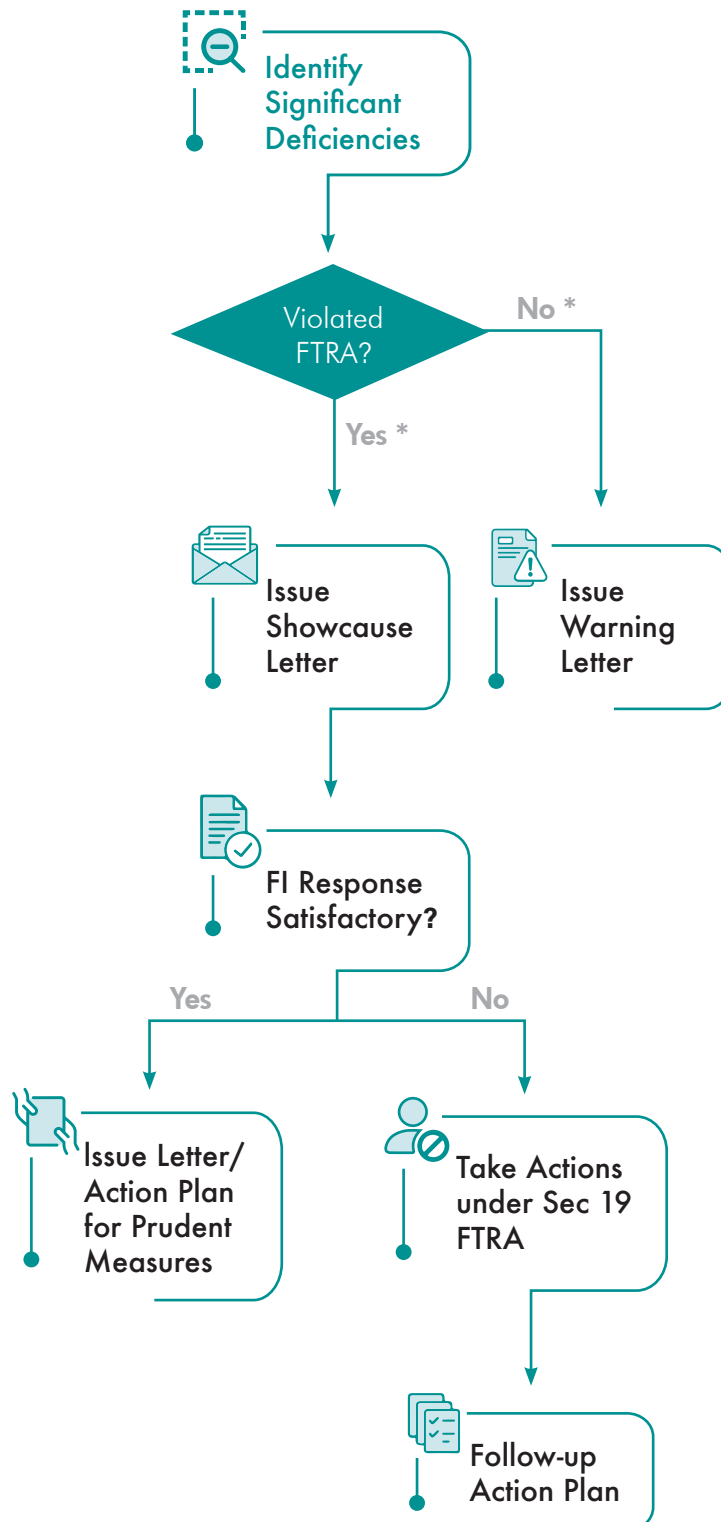
Supervisory actions procedure for joint examinations

Figure 3.6

Supervisory actions procedure for onsite examinations/spot examinations conducted by FIU-Sri Lanka

*This will be decided by the AML/CFT Supervision Enforcement Committee of FIU-Sri Lanka, based on the severity of the violation.

3.2.4. Thematic reviews conducted in 2025

FIU–Sri Lanka conducted several thematic reviews during 2025 to address emerging risks and areas of systemic relevance. Topics were identified based on supervisory priorities, intelligence inputs, and international trends.

Indicative thematic reviews for 2025 included:

- Sectoral review of the **quality of STR submissions**
- Assessment of the **effectiveness of TFS screening systems**
- Thematic review of the **use of payment gateways by Licensed Banks**

Table 3.7
Areas of thematic reviews, 2021 - 2025



Based on the findings of the thematic reviews, FIU–Sri Lanka implemented several followup actions, including raising awareness among the relevant industries and conducting targeted spot examinations to address identified gaps and strengthen overall compliance.

3.2.5. Awareness conducted for FIs

During 2025, FIU–Sri Lanka’s Supervision Division 1 conducted a series of awareness programmes aimed at strengthening industry understanding of AML/CFT compliance expectations and addressing deficiencies identified during onsite examinations. These programmes were designed not only to communicate key supervisory findings but also to signal emerging risks and marketlevel vulnerabilities requiring immediate attention. The sessions were delivered through multiple channels: directly by FIU–Sri Lanka, jointly with the respective sector regulators, and in collaboration with industry associations such as the Finance Houses Association (FHA) and Association of Compliance Officers of Banks (ACOB), reflecting a robust public–private partnership approach. Through these targeted engagements, institutions were guided on corrective actions, common implementation gaps, and sector-specific best practices to enhance overall compliance maturity and promote a more resilient financial sector.

3.2.6. Integration of Virtual Asset Service Providers (VASPs): preparatory work accomplished in 2025

A major milestone in 2025 was the initiation of work to bring VASPs within the national AML/CFT regulatory framework. Key activities undertaken in the second half of the year included:

- Reviewing the FATF requirements on virtual assets and VASPs
- Mapping VASP activities and business models operating in Sri Lanka
- Developing draft supervisory criteria and registration expectations
- Conducting consultations with domestic and international experts
- Initiating coordination with sectoral regulators, including SEC and Central Bank
- Conducting a survey to identify VASPs operating within Sri Lanka
- Establishing, under the NCC, a subcommittee on VASPs for regulatory direction.

This groundwork ably prepares FIU–Sri Lanka to operationalise VASP supervision from 2026 onwards, ensuring alignment with global standards and mitigating emerging ML/TF vulnerabilities.

3.2.7. Conclusion

The year 2025 marked significant progress in strengthening AML/CFT supervision through increased supervisory output, restructuring to improve specialisation, and proactive preparation to regulate new sectors such as VASPs. The work carried out by Supervision Division 1, despite limited staffing, demonstrates FIU–Sri Lanka’s strong operational commitment and its contribution toward enhancing the resilience of Sri Lanka’s financial system.

THE IMPORTANCE OF IMPLEMENTING A STRONG AML/CFT/CPF SUPERVISORY FRAMEWORK FOR REPORTING INSTITUTIONS

Introduction

The evolving financial landscape has placed Reporting Institutions (RIs) at significant risk of being misused by criminals for Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF). The integrity of RIs is important for countries to secure necessary investments and maintain stability of their financial systems. In a globalised world, international standards are required to protect financial systems and RIs from being exploited by criminals for ML, TF and PF. As a result, the Financial Action Task Force (FATF) was established under the G7 Summit in 1989 primarily to develop policies to fight against ML. Over the years, FATF has expanded its mandate to include not only ML but also TF and PF.

FATF issued a set of comprehensive international standards (Recommendations) in 1990 to protect the integrity of the international financial system and individual countries from being misused by criminals. Thus far, FATF has revised the international standards issued in 1990 several times to address new and emerging vulnerabilities that have taken place in the global AML/CFT/CPF arena. Even though FATF has introduced Recommendations as the global policy setter on AML/CFT/CPF, a shared responsibility exists between the countries and their RIs to adopt and implement these Recommendations, adapted to suit local circumstances.

Having recognised the importance of AML/CFT/CPF supervisory authorities and frameworks to ensure that RIs are conducting their businesses in accordance with the introduced international standards, laws, regulations and best practices, FATF introduced four Recommendations to cover the supervisory aspect of countries.

- Recommendation 15 – New Technologies
- Recommendation 26 – Regulation and Supervision of Financial Institutions (FIs)
- Recommendation 27 – Powers of Supervisors
- Recommendation 28 – Regulation and supervision of Designated Non-Finance Businesses and Professions (DNFBPs)

In a globally connected world, it is in the interest of every country to strike a balance between the ML/TF/PF risks it faces, the maturity of its financial system and international standards when implementing its AML/CFT/CPF framework.

The Need for Effective AML/ CFT/CPF Supervision

Effective AML/CFT/CPF supervision ensures that relevant policies and procedures are implemented by RIs to comply with necessary laws, rules and regulations to protect the Institutions against ML, TF and PF. A strong AML/CFT/CPF supervisory framework ensures that RIs take necessary steps to conduct Customer Due Diligence (CDD), maintain proper records, monitor transactions to identify and report suspicious transactions, report threshold transactions within the stipulated timeframe and comply with customer screening requirements. Several reasons highlight the importance of having an effective AML/CFT/CPF supervisory framework.

- **Preventing Financial System Abuse:** An effective AML/CFT/CPF supervisory framework ensures that RIs have necessary controls in place to protect themselves, thus safeguarding the financial system from being abused by criminals to launder illegal funds, finance terrorists, terrorist activities and terrorist organizations and support the proliferation of weapons of mass destruction. It largely ensures that RIs are in a position to detect and stop financial flows related to serious crimes and offenses.
- **Safeguarding Financial System Stability:** Effective AML/CFT/CPF supervision continuously monitors whether RIs are adhering to relevant rules and regulations with regards to AML/ CFT and CPF, which is important to protect the integrity of the financial system. Financial system stability cannot be achieved without ensuring the integrity of the financial system.
- **Adherence to International Standards:** Adhering to international AML/CFT/CPF standards such as the Recommendations issued by FATF helps countries to refrain from being identified as outliers and countries with strategic deficiencies..
- **Risk-Based Approach:** A strong supervisory framework allows supervisors to follow a Risk-Based Approach (RBA) ensuring that more resources are allocated for supervising higher-risk areas and entities rather than allocating resources on an equitable basis disregarding risk presented. This makes supervision more productive.
- **Preventing Criminals from Holding Controlling Positions:** RIs are responsible for identifying beneficial owners of legal persons and legal arrangements under CDD procedures. Supervisors take necessary measures to check whether RIs have necessary policies and procedures in place to identify beneficial owners of their customers, legal persons and legal arrangements during onsite examinations, to ensure effectiveness of implementation. This largely ensures that criminals or their close associates are not in a position to hold beneficial ownership or a significant controlling interest of legal persons and legal arrangements.
- **Enhancing Reputation and Trust:** Effective supervision ensures that RIs adhere to laws, regulations and guidelines on AML, CFT and CPF, which builds a strong compliance culture with the objective of protecting themselves against ML, TF and PF. Institutions with

strong compliance cultures are better positioned to increase confidence among customers and investors.

- **Effectively Responding to Emerging Risks:** A strong supervisory framework that regularly issues guidance, typologies and red flags helps RIs to effectively respond to new threats, such as those arising from digital assets, fintech, and evolving criminal typologies.

The Risk-Based Approach: Core to AML/CFT/CPF Supervision

RBA refers to the proportionate allocation of resources based on the ML/TF and PF risk posed by RIs.

RBA enables supervisory authorities to prioritise higher-risk institutions and examine them more frequently compared to institutions with lower risk. Supervisors can also focus their attention to conduct thematic reviews on identified high-risk areas. This method ensures that limited resources are effectively used and allocated among a diversified group of institutions effectively and efficiently.

Negative Repercussions of not having a Strong Supervisory Framework

The absence of an effective AML/CFT/CPF supervisory framework can result in significant adverse consequences for reporting entities, the financial system, and the broader economy. Weak supervision often leads to poor implementation of AML/CFT/CPF obligations, including inadequate CDD, insufficient record keeping, ineffective transaction monitoring, limited employee training and weak suspicious transaction reporting. Such deficiencies expose RIs to heightened ML/TF/PF risks.

Ineffective implementation of RBA may further result in poor allocation of limited supervisory and institutional resources with undue focus on lower-risk areas while higher risk areas remain unaddressed. Weaker supervision also enables criminals to misuse the financial system by exploiting vulnerable institutions, products, and delivery channels. Inconsistent due diligence requirements expose the industry to high-risk arrangements including shell banks, payable-through and nested accounts. This, in-turn, may lead to de-risking by correspondent banks resulting in the restriction or termination of correspondent banking relationships. The absence of customised supervisory tools and thematic reviews reduces the ability to detect vulnerabilities in correspondent banking and other high risk activities. RIs may not adequately identify and monitor higher risk sectors without strong supervision ultimately resulting in reducing overall AML/CFT/CPF effectiveness.

Limited supervisory pressure also diminishes senior management and board accountability, leading to underinvestment in compliance systems, staffing and training.

Supervisors may lack timely intelligence on emerging typologies, new technologies, and evolving threats. These weaknesses contribute to increased illicit financial flows, undermine market

integrity, investor confidence, and long-term economic development. Poor supervisory outcomes can negatively affect FATF mutual evaluations and international confidence.

The Sri Lankan Context

FIU-Sri Lanka functions as the primary AML/CFT/CPF regulator for FIs and DNFBPs in Sri Lanka. It mainly engages in receiving and analysing Threshold and Suspicious Transaction Reports (STRs), conducting risk-based onsite and offsite supervision, issuing AML/CFT/CPF related rules, regulations, guidelines and red flag indicators, imposing sanctions and promoting ongoing compliance with AML/CFT/CPF requirements within the country.

Several departments of the Central Bank of Sri Lanka act as prudential regulators of FIs and they are as follows.

1. Bank Supervision Department – Licensed Commercial Banks and Licensed Specialised Banks
2. Department of Supervision of Non-Bank Financial Institutions – Licensed Finance Companies and Specialised Leasing Companies
3. Payments and Settlements Department – Primary Dealers
4. Foreign Exchange Department – Restricted Dealers

Further, the following competent authorities act as prudential regulators of FIs and DNFBPs:

1. Securities and Exchange Commission – Listed Licensed Commercial Banks and Licensed Specialised Banks and, Stockbrokers
2. Insurance Regulatory Commission of Sri Lanka – Insurance Companies and Insurance Brokering Companies
3. National Gem and Jewellery Authority – Dealers in Precious Metals and Stones
4. Gambling Regulatory Authority – Casinos
5. Registrar of Companies – Trust or Company Service Providers

The real estate sector falls under the purview of multiple government authorities and agencies, including the Urban Development Authority, the Condominium Management Authority (CMA), and the Construction Industry Development Authority (CIDA). In addition, the legal and accounting professions are under the oversight of the Bar Association of Sri Lanka (BASL) and the Institute of Chartered Accountants of Sri Lanka (ICASL), respectively.

In the current practice, the prudential regulators of FIs have commenced AML/CFT/CPF supervision within their respective sectors. However, the transfer of AML/CFT/CPF supervisory obligations to these prudential regulators from FIU-Sri Lanka is still in progress. In the DNFBP sector, except for NGJA other competent authorities have not yet commenced their AML/CFT/

CPF supervisory obligations. Accordingly, FIU-Sri Lanka continues to undertake this responsibility until such responsibilities are formally assumed by the prudential regulators.

Conclusion

In conclusion, implementing a strong AML/CFT/CPF supervisory framework is fundamental to ensuring that reporting entities operate in a safe, transparent, and accountable manner. It supports compliance with international standards, enhances risk management, protects financial stability, prevents de-risking, and strengthens the overall effectiveness of the national AML/CFT/CPF regime. By maintaining vigilant and risk-based supervision, authorities can ensure that the financial system is not misused for illicit purposes and continues to contribute positively to economic growth and global financial integrity.

3.3. Supervision of Designated Non-Financial Businesses and Professions

3.3.1. Introduction

In accordance with Section 33 of the FTRA, FIU-Sri Lanka continued to strengthen the supervisory framework applicable to DNFBPs during 2025. The supervisory activities were carried out under the powers conferred by the FTRA, together with the Designated Non-Financial Businesses (Customer Due Diligence) Rules, No. 1 of 2018, and the relevant regulations and guidelines issued thereunder.

Consistent with international best practices and FATF Recommendations, FIU-Sri Lanka adopted and operationalised a comprehensive RBA to DNFBP supervision. This approach focused on identifying, assessing, and mitigating ML/TF risks across DNFBP sectors, while promoting proportionate and effective regulatory oversight.

The DNFBP sectors under the supervisory purview of FIU – Sri Lanka include casinos, real estate agents, Dealers in Precious Metals and Precious Stones (DPMS), lawyers, notaries and other independent legal profession, Accountants and Trust and Company Service Providers (TCSPs). Supervisory and related activities during the year focused on assessing compliance with AML/CFT obligations, enhancing sectoral understanding of ML/TF risks, and strengthening the implementation of preventive measures.

During 2025, FIU-Sri Lanka continued to effectively discharge its AML/CFT supervisory responsibilities in respect of DNFBPs, complemented by targeted awareness and outreach initiatives. These efforts reflect FIU-Sri Lanka's continued commitment to strengthening institutional compliance and promoting adherence to international AML/CFT standards.

3.3.2. Risk-Based Supervision

In 2025, FIU–Sri Lanka implemented its risk-based supervision framework for DNFBPs through a structured, forward-looking supervisory cycle. This framework integrates sectoral risk assessments, institution-specific risk profiling, and supervisory intelligence to ensure that supervisory resources are allocated proportionately based on ML/TF risk.

The supervisory plan was prepared using a combination of quantitative and qualitative inputs, including the results of the annual off-site ML/TF risk assessment, findings from previous onsite and off-site examinations, trends observed from STRs, the nature and scale of business activities, delivery channels, geographic exposure, and available adverse or negative information. These inputs enabled FIU–Sri Lanka to categorise DNFBPs according to their inherent and residual risk levels and to prioritise supervisory engagements accordingly.

Based on the assessed risk profiles, a range of supervisory tools were applied during the year. These included full-scope onsite examinations for higher-risk institutions, targeted and thematic examinations to assess compliance with specific AML/CFT obligations, follow-up examinations to evaluate the implementation of supervisory recommendations, and offsite supervisory reviews to monitor ongoing compliance. Spot examinations were also utilised, where appropriate, to address emerging risks and compliance concerns identified through supervisory intelligence.

In parallel, FIU–Sri Lanka continued to refine and strengthen its DNFBP supervisory framework by updating supervisory methodologies, examination procedures, and assessment tools to reflect evolving ML/TF risks and typologies. Greater emphasis was placed on evaluating the effectiveness of AML/CFT controls, governance arrangements, and risk management frameworks, rather than solely on technical compliance.

The risk-based supervision approach also facilitated closer coordination with relevant sector regulators and self-regulatory bodies, enabling FIU–Sri Lanka to leverage sector-specific insights and enhance AML/CFT supervisory coverage. Outcomes of supervisory engagements were systematically analysed and fed back into the risk assessment and supervisory planning process, thereby ensuring a dynamic and continuous approach to DNFBP supervision.

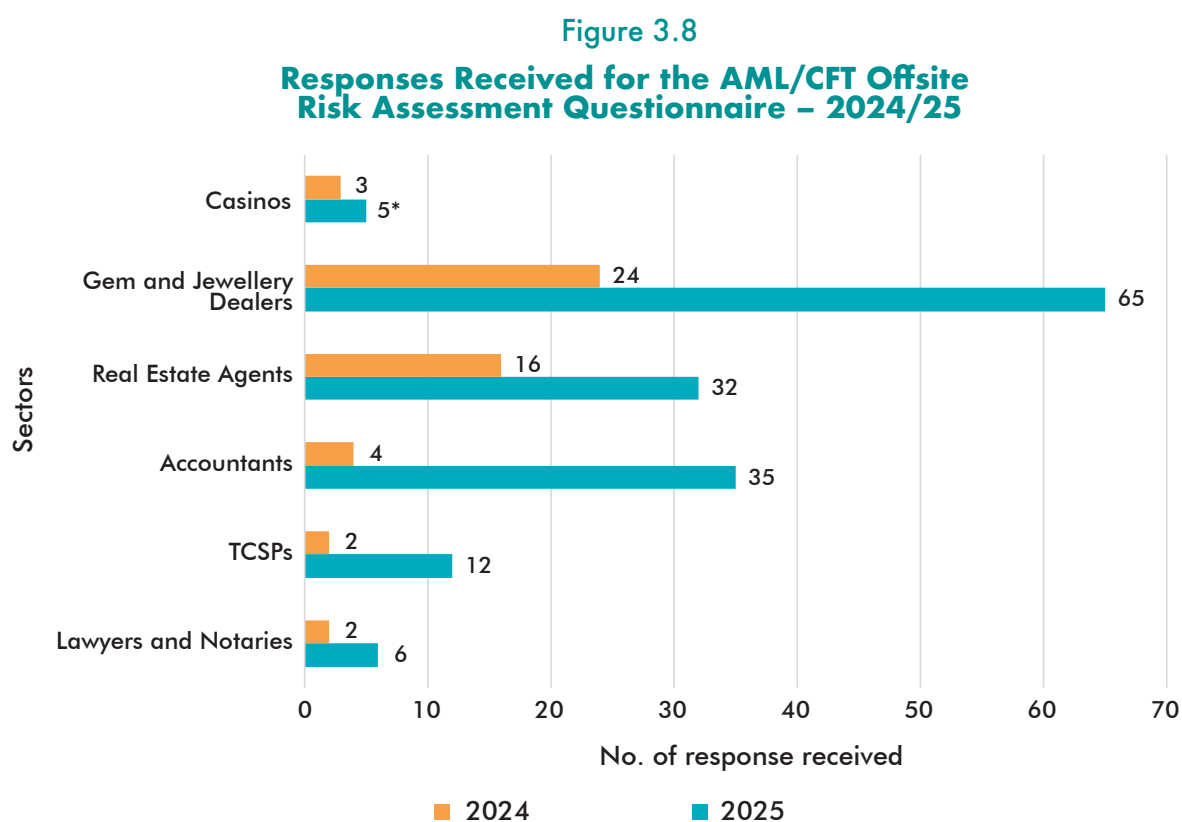
Through the continued application of the risk-based supervisory framework, FIU–Sri Lanka sought to enhance a culture of compliance within the DNFBP sector, strengthen preventive controls, and ensure that supervisory interventions remained proportionate, consistent, and effective in addressing ML/TF risks.

3.3.3. Annual Offsite Risk Assessment

The annual off-site ML/TF risk assessment of DNFBPs was conducted during the fourth quarter of 2025. Sector-specific questionnaires were reviewed and amended to reflect NRA findings, emerging ML/TF typologies, and prevailing market developments. Correspondingly, the off-site risk assessment tool was refined to ensure consistency with the updated questionnaires.

The finalised questionnaires were disseminated to all DNFBPs that had appointed Compliance Officers (COs). In addition, the questionnaires applicable to gem and jewellery dealers and accountants were re-circulated through the NGJA and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), respectively.

As a result of continuous follow-up via email and telephone, together with the granting of extensions to submission deadlines where necessary, a notable improvement in response rates was observed in 2025. The comparative response rates for the off-site risk assessment questionnaires for 2024 and 2025 are illustrated in **Figure 3.8**.



* 2 new casinos started their businesses in 2025

Based on the responses received, FIU – Sri Lanka conducted the off-site ML/TF risk assessment to determine the inherent risk levels of DNFBPs using a structured risk assessment methodology developed by the International Monetary Fund (IMF). The risk categorisation of DNFBPs arising from the 2025 offsite assessment is presented in **Table 3.6**.

Table 3.6
Risk categorization for DNFBPs based on offsite ML/TF
risk assessment - 2025

Risk Score/Percentage	Risk Categorization	DNFBP Sector					
		Casinos	Gem & Jewellery	Real Estate	Accountants	TCSPs	Lawyers and Notaries
Above 70%	High	-	-	-	-	1	-
Inclusive of 56% - 70%	Medium High	2	11	6	1	2	4
Inclusive of 46% - 55%	Medium	1	27	23	10	6	1
Inclusive of 36% - 45%	Medium Low	2	21	2	22	3	1
Below 35%	Low	-	6	1	2	-	-
Total		5	65	32	35	12	6

Source: Financial Intelligence Unit

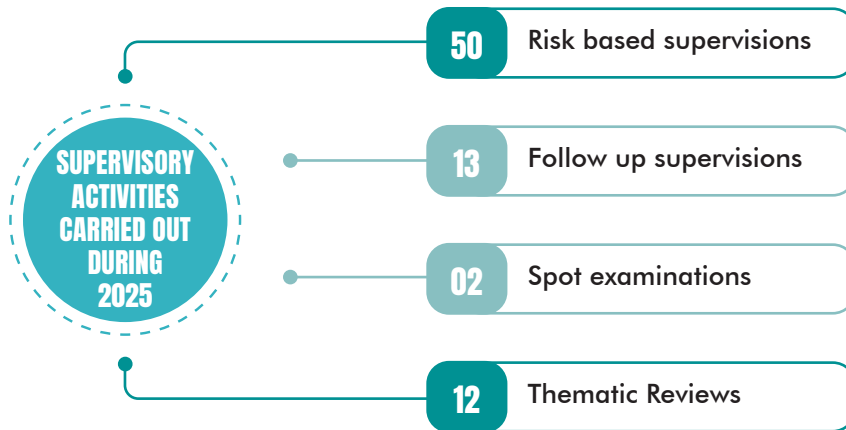
The assessment results were analysed in conjunction with other available supervisory intelligence, including findings from previous examinations, administrative sanctions imposed, STRs filed by or relating to DNFBPs, and other negative or adverse information. These inputs were used to categorise DNFBPs according to risk and to inform supervisory planning for the subsequent year, including the prioritisation of onsite examinations, follow-up actions, and targeted supervisory and outreach interventions under the risk-based supervision framework.

3.3.4. Supervisory Activities Carried Out During 2025

In 2025, the DNFBP Supervision Division recorded the highest level of supervisory activity since its inception, conducting 77 supervisory engagements. These engagements comprised comprehensive risk-based supervisions, follow-up supervisions, spot examinations, and thematic reviews across the DNFBP sectors.

Figure 3.9

A summary of the supervisory activities carried out during 2025



3.3.4.1. Risk-based Supervisions and Follow-up Examinations

FIU– Sri Lanka continued to conduct risk-based on-site and off-site examinations and follow-up examinations across all DNFBP sectors during the year. During a risk-based onsite examination, a **comprehensive supervisory review** is conducted at an entity’s premises, with the **scope, depth, and intensity determined by the entity’s ML/TF risk profile**. During follow-up examinations, a **targeted and limited supervisory review** is conducted to **verify the implementation and effectiveness of corrective actions** arising from a previous examination.

A sector-wise breakdown of the examinations conducted from 2022 to 2025 is presented in **Table 3.7**.

Table 3.7
Number of onsite and offsite examinations conducted for DNFBPs (2022-2025)

	2022	2023	2024	2025*
Casinos	0	0	3	3
Gem and Jewellery Dealers	8	4	10	29**
Real Estate Agents	9	3	7	19
Accountants	0	0	2	5
TCSPs	0	0	2	4
Lawyers and Notaries	0	0	2	5
Total	17	7	26	65

Source: Financial Intelligence Unit

* Includes the follow-up examinations carried out during the year

** Includes the spot examinations carried out during the year

The highest number of examinations were conducted in the gem and jewellery sector (29), followed by real estate agents (19), lawyers and notaries (5), accountants (5), TCSPs (4), and casinos (3). All examinations of gem and jewellery dealers were conducted jointly with the sector regulator, NGJA, reflecting enhanced supervisory coordination and collaboration. The supervisory outcomes relating to these institutions were duly communicated to NGJA for further necessary actions.

Of the total examinations conducted during the year, 8 were follow-up examinations (6 on-sites and 2 off-sites) aimed at assessing the extent to which institutions had implemented recommendations issued during previous supervisory engagements.

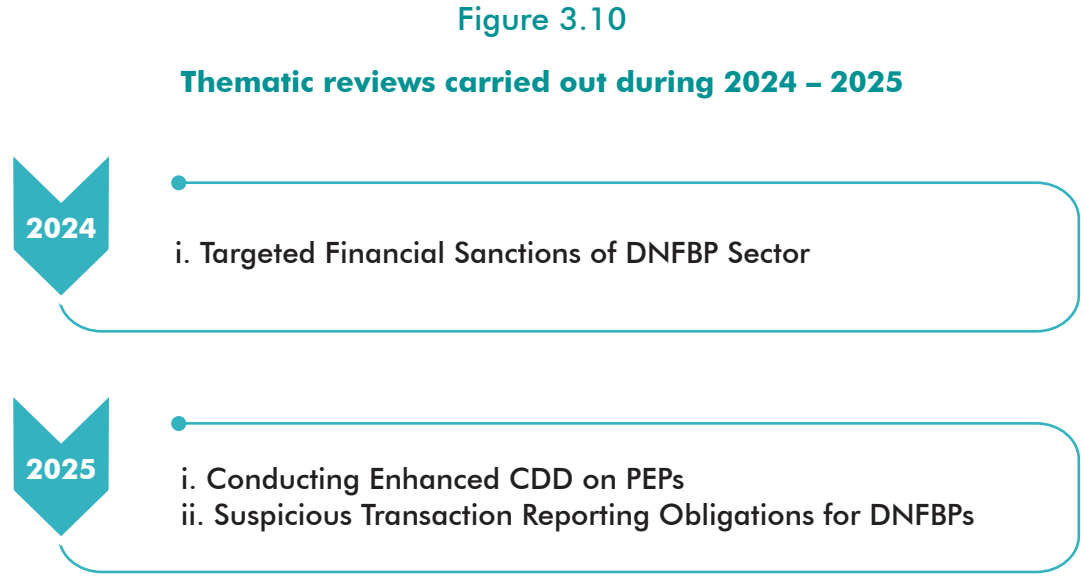
3.3.4.2. Spot Examinations

FIU–Sri Lanka carried out 2 spot examinations jointly with NGJA in respect of gem and jewellery dealers located in Kandy. These examinations were carried out alongside an awareness programme for the sector, thereby reinforcing supervisory oversight while promoting AML/CFT awareness and compliance.

3.3.4.3. Thematic Reviews

FIU– Sri Lanka further strengthened its supervisory approach by conducting thematic reviews across DNFBP sectors. During 2025, two thematic reviews were conducted.

Details of thematic reviews conducted during 2024–2025 are presented in **Figure 3.10**.



3.3.5. Supervisory Actions Taken During 2025

Upon completion of supervisory examinations, FIU– Sri Lanka applied proportionate regulatory actions based on the type of supervision conducted and the nature, severity, and gravity of non-compliances identified. The supervisory measures applied included:

- **Letters of Findings:** issued following first-time examinations, allowing institutions to rectify identified deficiencies within specified timelines
- **Warning and Strict Warning Letters:** issued in response to repeated or significant lapses in AML/CFT controls and
- **Show Cause Letters and Monetary Penalties:** imposed in cases of serious violations of the FTRA and the rules and regulations issued thereunder
- **Publication of Sanctions:** Details of imposed penalties, including the name of the entity, the amount of the penalty, and the nature of the violation or non-compliance, are published quarterly and shared with the relevant sector regulators.

A summary of supervisory actions taken against DNFBPs during 2025 is presented in **Table 3.8**.

Table 3.8
A summary of supervisory actions taken by
FIU–Sri Lanka on DNFBPs - 2025

	G&J	RE	L&N	Acc	TCSPs	Casinos	TOTAL
Letter of findings	8	8	1	4	1	2	24
Warning letters	15	7	4	0	3	0	29
Strict warning letters	0	2	0	0	0	0	2
Show cause letters	4	1	0	0	0	0	5
Penalty letters	3	0	0	0	0	3	6
Monetary penalties (Rs. Mn)	2.6	0	0	0	0	3.5	6.1

Source: Financial Intelligence Unit

Following the imposition of the first monetary penalty on a gem and jewellery dealer in 2024, FIU–Sri Lanka continued to impose monetary penalties during 2025 in response to serious violations of AML/CFT obligations. During the year, six monetary penalties totaling Rs. 6.1 million were imposed. It is noted that the first three penalties imposed on casinos during 2025 arose from risk-based examinations conducted in 2024. Details of monetary penalties imposed during 2024–2025 are provided in **Table 3.9**.

Table 3.9
Details of monetary penalties imposed by FIU-Sri Lanka on
DNFBPs during 2024-2025

Year	Type of DNFBPs	Non compliance observed	Amount (Rs.)
2024	Gem and Jewellery	Failure to obtain and maintain required CDD information and failure to maintain and retain records.	750,000.00
Total			750,000.00
2025	Casino	Failure to conduct CDD for online customers	1,500,000.00
		Failure to comply with TFS	
		Failure to Develop a Transaction Monitoring System to identify and report unusual or suspicious transactions	
		Failure to maintain and retain records	
	Casino	Failure to conduct CDD for online customers	1,500,000.00
		Failure to comply with TFS	
		Failure to Develop a Transaction Monitoring System to identify and report unusual or suspicious transactions	
		Failure to maintain and retain records	
	Casino	Failure to comply with TFS	500,000.00
	Gem and Jewellery	Failure to establish and maintain AML/CFT procedures, systems and controls	2,000,000.00
		Failure to comply with TFS	
	Gem and Jewellery	Failure to conduct ML/TF risk assessment	500,000.00
	Gem and Jewellery	Failure to comply with TFS	100,000.00
Total			6,100,000.00

Source: Financial Intelligence Unit

3.3.6. Other Measures to Strengthen the AML/CFT Regime for DNFBPs

3.3.6.1. Appointment of Compliance Officers

In terms of Section 14 of the FTRA, all RIs are required to appoint a CO at a senior management level. While FIU–Sri Lanka continues to progressively bring DNFBPs under its supervisory purview, notable progress was observed during 2025 in the appointment of COs across DNFBP sectors.

As at 31 December 2025, a total of 620 COs had been appointed by DNFBPs, as detailed in **Table 3.10**. A significant increase was recorded in the gem and jewellery sector, primarily due to the mandatory requirement imposed by NGJA linking the appointment of a CO to the annual license renewal process.

Table 3.10	
Number of compliance officers appointed by DNFBPs as at 31.12.2025	
Sector	Number of Compliance Officers Appointed
Casino	5
Real Estate	179
Gem and Jewellery	373
Lawyers and Notaries	20
TCSPs	31
Accountants	28
Total	636

Source: Financial Intelligence Unit

3.3.6.2. Introducing a Regulatory Environment for Casinos

A major legislative development during the year was the enactment of the Gambling Regulatory Authority Act, No. 17 of 2025, which established the Gambling Regulatory Authority on 1st December 2025. The Authority is mandated to regulate casinos, online gaming, offshore gaming operations, and betting activities, including those conducted within the Port City of Colombo and onboard cruise ships. This development represents a significant milestone in strengthening regulatory oversight of the casino sector.

3.3.6.3. Introducing a Regulatory Environment for the Real Estate Sector

Recognising the heightened ML/TF risks associated with the real estate sector, FIU- Sri Lanka continued to collaborate closely with the Ministry of Highways, Transport and Urban Development and the Urban Development Authority to facilitate the establishment of a self-regulatory body for

real estate professionals. FIU-Sri Lanka provided recommendations and proposed amendments to the Institute of Real Estate Professionals Sri Lanka Bill, underscoring the importance of a structured regulatory framework to enhance professional standards, encourage compliance, and mitigate sectoral risks.

3.3.6.4. Coordination with Sectoral Regulatory Bodies, Self Regulatory Bodies. and Professional Bodies

FIU-Sri Lanka maintained continuous engagement with relevant regulatory bodies self-regulatory bodies and professional bodies during the year, including:

- National Gem and Jewellery Authority
- Ministry of Finance
- Institute of Chartered Accountants of Sri Lanka
- Bar Association of Sri Lanka
- Gambling Regulatory Authority
- Ministry of Highways, Transport and Urban Development
- Urban Development Authority
- Institute of Real Estate Professionals, Sri Lanka
- Condominium Management Authoring
- Department of Registrar of Companies

These engagements supported awareness initiatives, facilitated the identification of new reporting institutions, increased the appointment of Compliance Officers, and strengthened the implementation of AML/CFT measures across DNFBP sectors.

3.3.6.5. Market Awareness and Capacity Building

FIU-Sri Lanka continued to prioritise awareness and capacity-building initiatives for DNFBPs. In 2025, a structured quarterly awareness programme was introduced at the Centre for Banking Studies (CBS), the Central Bank Training Centre. Four programmes were conducted during the year, with 142 representatives participating from DNFBP sectors.

In addition, FIU-Sri Lanka benefited from sector-specific awareness programmes conducted by NGJA and a licensed casino operator, which provided practical insights into operational realities and sector-specific risks. A summary of awareness and capacity-building programmes conducted during the year is presented in **Table 3.11**.



Table 3.11

A summary of awareness programmes/ capacity building programmes conducted during 2025

Sector	Number of Awareness/ Capacity Building Programmes
Casino	9
Real Estate	7
Gem and Jewellery	15
Lawyers and Notaries	7
TCSPs	8
Accountants	9

Source: Financial Intelligence Unit

SRI LANKA'S MUTUAL EVALUATION 2026–2027: A STRATEGIC ASSESSMENT OF AML/CFT/CPF EFFECTIVENESS

Sri Lanka will undergo its 3rd Mutual Evaluation (ME) under the revised framework of the Financial Action Task Force (FATF) during the period 2026–2027, conducted by the Asia/Pacific Group on Money Laundering (APG). This evaluation represents a comprehensive, peer reviewed assessment of the country's Anti-Money Laundering, Counter-Terrorist Financing, and Counter-Proliferation Financing (AML/CFT/CPF) system.

The ME will examine not only the existence of laws, regulations, and institutional framework, but the extent to which these measures produce tangible outcomes in mitigating Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF) risks.

The Purpose and Structure of a Mutual Evaluation

A ME is a peer-review mechanism designed to ensure consistent implementation of international AML/CFT/CPF standards across jurisdictions. The technical compliance assessment is based on the FATF 40 Recommendations, effectiveness assessment via 11 Immediate Outcomes and the FATF Methodology, and it is conducted by a multidisciplinary team of international assessors.

In line with the FATF Methodology, the ME is risk-based and context-sensitive. It takes into account the country's threat environment, vulnerability profile, economic and financial structure, and materiality. The assessment is not intended to impose uniform solutions, but rather to determine whether the country's AML/CFT/CPF measures are commensurate with its risks and are applied in a manner that is effective, proportionate, and sustainable. The process also serves as a diagnostic tool, identifying systemic weaknesses and informing national reform priorities, while reinforcing consistency and credibility in the global financial system.

The evaluation has two equally important components:

1. Technical Compliance Assessment

The objective of the Technical Compliance (TC) assessment is to determine whether a jurisdiction has implemented the specific requirements of the FATF Recommendations through laws, regulations, and other enforceable means, and whether competent authorities have the necessary mandates, powers, and procedures to carry out their functions. This component focuses on the existence and adequacy of the legal and institutional framework, rather than on outcomes achieved.

TC is a Recommendation-wise assessment, examining areas such as the criminalisation of ML,

TF, and PF; preventive measures applicable to Financial Institutions (FIs) and Designated Non Finance Businesses and Professions (DNFBPs); supervisory and regulatory frameworks; powers of law enforcement and prosecutorial authorities; and mechanisms for domestic and international cooperation. Each Recommendation is rated using the FATF rating scale, reflecting the degree to which the technical requirements are met. While TC alone is not sufficient to demonstrate an effective system, it constitutes the essential foundation upon which effectiveness is built.

2. Effectiveness Assessment (Immediate Outcomes)

The effectiveness analysis assesses the extent to which a country's AML/CFT/CPF system produces results consistent with FATF's intended outcomes, as articulated through the 11 Immediate Outcomes. In accordance with the FATF Methodology, effectiveness focuses on how the system works in practice, rather than on formal compliance alone. It examines whether authorities, supervisors, and reporting entities understand risks, take appropriate actions, and achieve meaningful impact in preventing and combating illicit finance.

Effectiveness is evaluated using a weight-of-evidence approach, drawing on quantitative data, qualitative analysis, operational case examples, and demonstrated inter-agency cooperation. Assessors consider whether outcomes are aligned with the country's risk profile, whether actions are timely and proportionate, and whether results are sustainable over time. The effectiveness assessment recognises that strong performance requires not only individual institutional capacity, but also coherence, coordination, and strategic focus across the entire AML/CFT/CPF system. Ultimately, the effectiveness analysis determines whether the framework delivers real-world protection to the financial system and society at large.

The effectiveness assessment is outcome-focused and evidence-driven, relying heavily on statistics, case studies, operational examples, and inter-agency coordination.

Strategic Importance of the Evaluation for Sri Lanka

The ME has direct implications for Sri Lanka's financial stability, economic integration, and international credibility.

A credible and effective AML/CFT/CPF framework, inter alia:

- Preserves access to correspondent banking relationships
- Reduces the risk premium applied to cross-border transactions
- Supports foreign direct investment and trade flows
- Enhances national security by disrupting illicit financial networks

Conversely, deficiencies identified during the evaluation may result in enhanced monitoring or follow-up measures, which can impose reputational and economic costs. Sri Lanka's previous

evaluation experiences have demonstrated the tangible consequences of weak outcomes, particularly in relation to financial sector confidence and international market access.

Key Milestones in the Mutual Evaluation Process for Sri Lanka

Sri Lanka's ME follows a structured timeline aligned with FATF and APG procedures:

20 February 2026 – Submission of the Risk and Context Report

This report provides the analytical foundation for the evaluation. It outlines:

- The country's economic, financial, and geographic context
- ML, TF, and PF risks
- Institutional arrangements and national coordination mechanisms

12 March 2026 – Risk and Context Meeting

A virtual engagement between Sri Lankan authorities and the assessment team to clarify National Risk Assessments (NRA), mitigation strategies, and contextual factors.

20 March 2026 – Submission of the Technical Compliance Report

This report demonstrates alignment with each FATF Recommendation through laws, regulations, and enforceable means, supported by institutional mandates and procedures.

19 June 2026 – Submission of the Effectiveness (Immediate Outcomes) Report

The Effectiveness Report is central to the evaluation. It presents:

- Quantitative data and trends
- Operational case studies
- Evidence of outcomes achieved across the AML/CFT/CPF system
- Examples of inter-agency cooperation and supervisory action

26 October – 6 November 2026 – On-site Visit by Assessors coordinated by the APG secretariat

The assessment team conducts in-depth interviews with:

- Policymakers and competent authorities
- Financial sector and DNFBP supervisors
- Law Enforcement Agencies (LEAs) and prosecutors
- The judiciary and private sector representatives

The on-site visit allows assessors to validate the information submitted and test the practical implementation of AML/CFT/CPF measures.

April 2027 – Face-to-Face (Post-On-Site) Discussions

Authorities engage with assessors to further clarify findings and address factual or analytical issues before finalisation of the report.

July 2027 – Adoption of the Mutual Evaluation Report

The final report is discussed and adopted at the APG Plenary, after which it becomes a public document and the basis for follow-up and monitoring.

A Whole-of-System Evaluation

The ME assesses the entire national AML/CFT/CPF ecosystem, including:

- Policy-setting ministries and coordinating bodies
- Supervisory authorities for FIs and DNFBPs
- FIU-Sri Lanka
- LEAs and prosecutors
- Courts and asset recovery mechanisms
- Private sector compliance and risk management

Effectiveness depends not only on individual institutions, but on coherence, coordination, and consistency across the system.

Beyond Compliance: A Reform and Accountability Tool

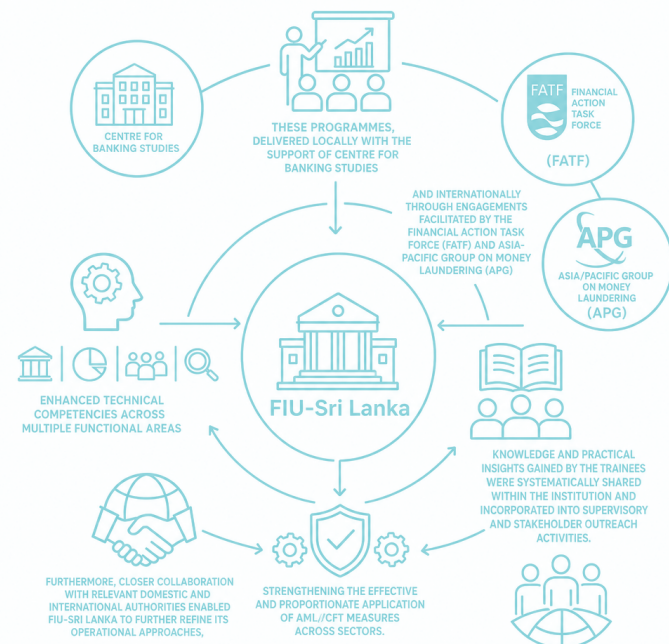
While compliance with FATF standards is a key objective, the Mutual Evaluation also serves as:

- A diagnostic tool to identify structural and operational gaps
- A catalyst for legal, institutional, and procedural reform
- A benchmark for measuring progress over time
- A mechanism for strengthening international cooperation

For Sri Lanka, therefore, the 2026–2027 ME is both an assessment and an opportunity to consolidate reforms, demonstrate effectiveness, and reinforce confidence in the country's financial system.

04

CAPACITY BUILDING



4.1 Introduction

Strengthening professional expertise in AML/CFT operations continued to be a key strategic focus for FIU-Sri Lanka in 2025 emphasising targeted, outcome-oriented capacity building initiatives. During the year, FIU-Sri Lanka officials participated in a range of international and local training programmes designed to address emerging risks, sector-specific vulnerabilities, and evolving regulatory expectations. Officers from other regulatory departments of the CBSL including the Bank Supervision Department (BSD), Department of Supervision of Non-Bank Financial Institutions (DSNBFI), Department of Foreign Exchange (DFE), and Payments and Settlements Department (PSD), also participated benefitting from the training and TA, enhancing their supervisory technical capacities.

These programmes, delivered locally with the support of Centre for Banking Studies and internationally through engagements facilitated by the Financial Action Task Force (FATF) and Asia-Pacific Group on Money Laundering (APG), enhanced technical competencies across multiple functional areas. Knowledge and practical insights gained by the trainees were systematically shared within the institution and incorporated into supervisory and stakeholder outreach activities. Furthermore, closer collaboration with relevant domestic and international authorities enabled FIU-Sri Lanka to further refine its operational approaches, strengthening the effective and proportionate application of AML/CFT measures across sectors.

In addition to structured training programmes, FIU-Sri Lanka benefited from a series of TA programmes provided by various foreign counterparts and international organizations during 2025. These TA

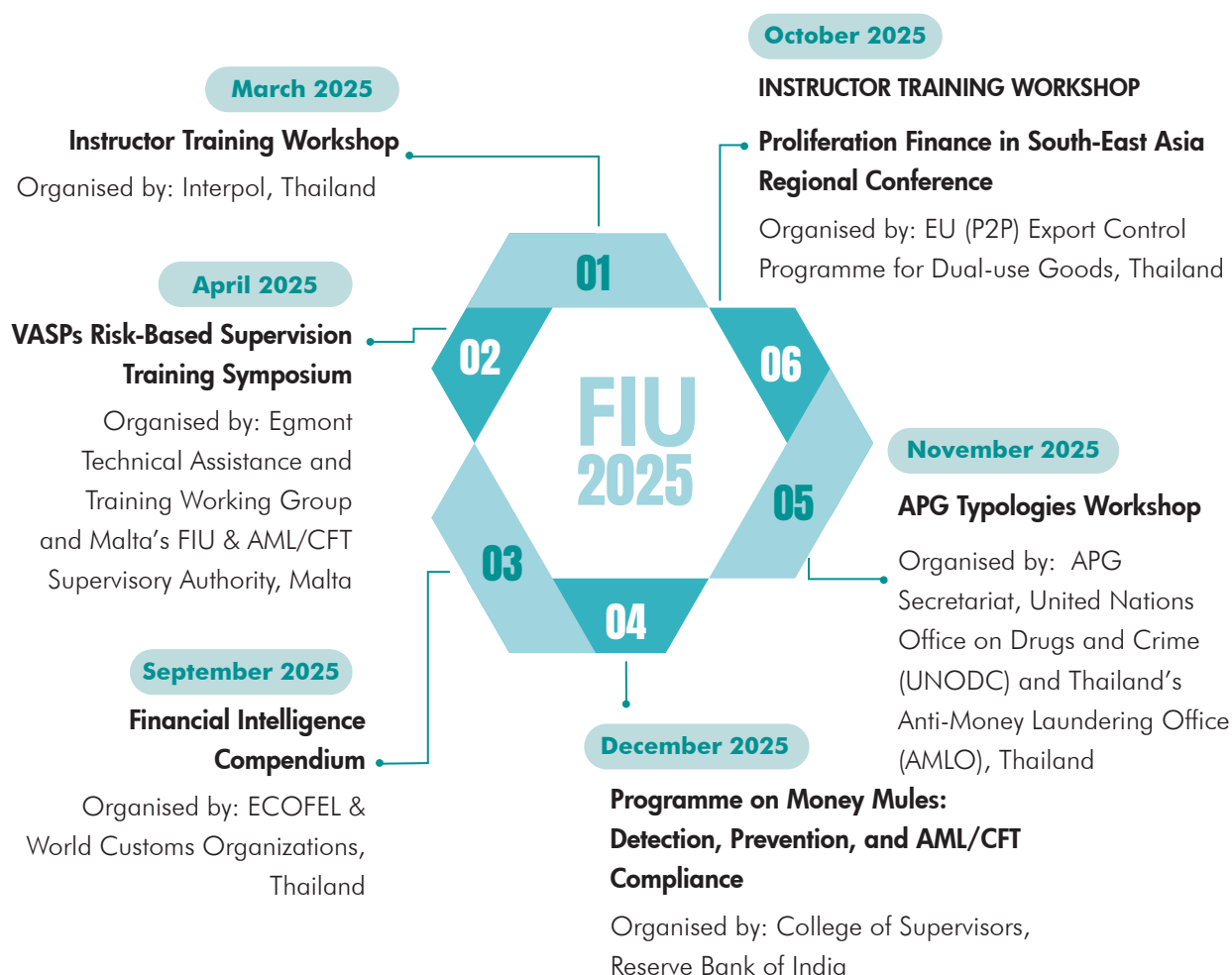
initiatives were designed to address priority capacity gaps, enhance institutional readiness for the upcoming Mutual Evaluation, and strengthen operational effectiveness across key AML/CFT functions.

The programmes covered areas such as financial intelligence analysis, risk-based supervision, investigation and prosecution support, emerging risks, and the regulation of new and evolving financial products. Engagements with international partners also facilitated peer learning and the sharing of practical insights drawn from recent MEs and supervisory experiences in other jurisdictions. Collectively, these TA programmes contributed to a discernible enhancement of technical knowledge, analytical capability, and professional judgment of officers of FIU–Sri Lanka, supporting the effective, consistent, and proportionate implementation of AML/CFT measures across the financial and non-financial sectors.

4.2 International capacity building opportunities during 2025

Figure 4.1

International training programmes/seminars/workshops/conferences attended by officers of FIU- Sri Lanka during 2025



4.3 Local training opportunities during 2025

Figure 4.2

Local training programmes/seminars/workshops/conferences attended by officers of FIU-Sri Lanka during 2025



4.4 Technical Assistance received during 2025

ECOFEL

ECOFEL (training arm of the Egmont Group) conducted a tailor-made operational and strategic analysis course for analysts of FIU-Sri Lanka with CBSL funding. These courses focused on sharpening analytical skills, to enhance identification of ML/TF cases/trends and improve the quality of intelligence.

Group of Indian Experts

The Department of Revenue of India, in collaboration with the High Commission of India in Sri Lanka, continued its TA programme aimed at supporting national preparations for the upcoming ME on AML/CFT.

- The first visit took place in September 2025, focused on strengthening the AML/CFT framework, sharing of best practices, and enhancing the collaboration between the two countries in the AML/CFT domain. It was steered by experts from the Central Board of Direct Taxes, Central Bureau of Investigation, FIU, and the FATF Cell of the Ministry of Finance, Government of India. These sessions were attended by officials from AGD, Sri Lanka Police, Commission to Investigate Allegations of Bribery or Corruption (CIABOC), IRD, Sri Lanka Customs and FIU-Sri Lanka.
- The second delegation included senior officials from key Indian regulatory and SAs, including the Reserve Bank of India (RBI), FIU, the Insurance Regulatory and Development Authority and the Securities and Exchange Board of India. Throughout the visit, the experts engaged extensively with Sri Lanka's regulatory and SAs of the financial sector, providing valuable technical insights and sharing practical experiences gained from India's recently conducted Mutual Evaluation. A key highlight of the programme was the high-level discussion on digital payments and the regulation of virtual asset service providers which was chaired by Dr. P Nandalal Weerasinghe, the Governor of the CBSL.

The U.S. Department of the Treasury

The U.S. Department of the Treasury, in collaboration with the U.S. Embassy in Sri Lanka, successfully concluded a scoping mission to assess Sri Lanka's TA requirements for strengthening AML/CFT capacities. The objective of the mission was to identify priority areas for a tailored TA program aimed at enhancing law enforcement and prosecutorial effectiveness, strengthening financial investigation capabilities, and improving inter-agency coordination among LEAs. Discussions focused on Sri Lanka's AML/CFT framework, ongoing initiatives to strengthen financial intelligence and regulatory and supervisory effectiveness, and areas where international TA could further support national AML/CFT efforts, particularly in relation to law enforcement and supervisory agencies. The scoping mission concluded, with a shared understanding that the proposed TA programme is expected to continue for a period of two to three years commencing in 2026.

EU Global Facility

A team of officials from the EU Global Facility on AML/CFT visited Sri Lanka on a scoping mission to identify areas for TA to Sri Lanka. The delegation met with the Director of Judges' Institute, Chairman

of AML/CFT Task Force, Secretary of the Ministry of Justice, and officers of AGD, Law Enforcement Authorities, NGO Secretariat and FIU–Sri Lanka. This mission was aimed to enhance cooperation between Sri Lanka and the EU Global Facility on AML/CFT, review key priority areas, and explore potential TA to strengthen Sri Lanka’s AML/CFT framework.

United Kingdom’s (UK) HM Treasury

The UK HM Treasury, in collaboration with the British High Commission in Sri Lanka, delivered a TA programme on Immediate Outcomes 3 and 4, focusing on supervision and preventive measures in preparation for the upcoming ME. The programme emphasised the need for pre-ME information, case study preparation, and mock interviews for regulators, providing high value and significantly enhancing readiness for the evaluation. During the visit, the delegation also met with the Governor of the CBSL to discuss the regulator’s progress, key challenges, and strategic priorities ahead of the ME.

Study Visit to the Reserve Bank of India

Officers representing FIU–Sri Lanka, BSD, DSNBFI, PSD and DFE, participated in a study visit to the Reserve Bank of India (RBI) for capacity development sessions on AML/CFT supervision.

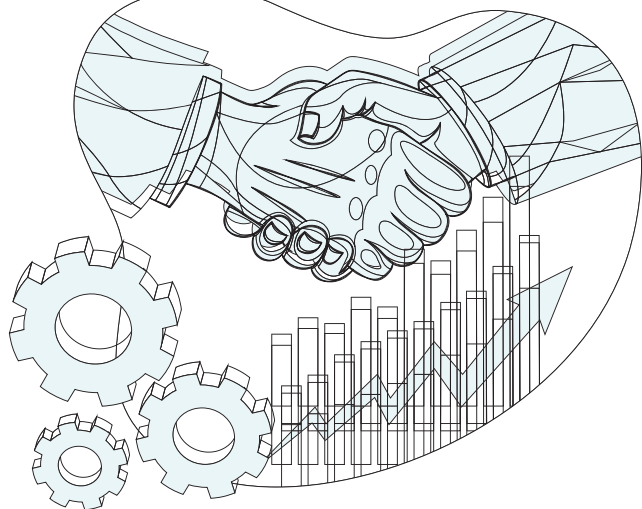
The study visit aimed to gain practical insights and firsthand experience on the role of RBI in the ME process of India, as well as to understand its approach to AML/CFT supervision, regulation, and enforcement across the banking and financial sectors.

During the programme, discussions were held on the AML/CFT regulatory framework administered by the Department of Regulation of the Reserve Bank of India, supervisory procedures, institutional independence, and regulatory practices of FIU–India. In addition, site visits were carried out by the team to the State Bank of India, Mahindra Finance, FRR Forex Pvt Ltd, and MoneyGram India, providing participants with exposure to AML/CFT implementation practices at the institutional level across the financial and non-financial sectors.



05

AWARENESS PROGRAMMES



5.1 Introduction

FIU–Sri Lanka continued to strengthen awareness through seminars, workshops, training programmes, meetings, and press notices circulated via print and electronic media in all three languages, with the aim of enhancing the understanding of legal and regulatory requirements and the significance of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework. In 2025, FIU–Sri Lanka effectively leveraged its staff and training resources, with support from Association of Compliance Officers of Banks (ACOB) and the Compliance Forum of Finance Houses Association (FHA), under a Public Private Partnership (PPP) initiative, to raise effective awareness and outreach among key stakeholders. During the year, a total of 67 awareness programmes were conducted, the highest number undertaken by FIU–Sri Lanka, reaching over 6,500 participants (refer Table 5.1 below), which is also the highest participant count to date, from Financial Institutions (FIs), Designated Non-Financial Businesses and Professions (DNFBPs), Law Enforcement Agencies (LEAs), and other stakeholders.

5.2 Seminars and workshops conducted by FIU-Sri Lanka

Table 5.1
Awareness programmes conducted by FIU-Sri Lanka in 2025

Date	Programme	Stakeholder	Venue
10.01.2025	Awareness Programme on AML/CFT Obligations for LBs	Officers from LBs	BOC RO-Matara
10.01.2025	Awareness Programme on AML/CFT Obligations for DNFBPs	Officers from DNFBP Sector	CBSL RO-Matara
23.01.2025	Introductory Session on Functions and Duties of FIU	Senior Police Officers in Badulla district	District Secretariat Office, Badulla
24.01.2025	Introductory Session on Functions and Duties of FIU	Senior Police Officers in Nuwara Eliya district	District Secretariat Office, Nuwara Eliya
24.01.2025	Awareness Session on AML/CFT Obligations	PDs	CBSL
25.01.2025	Terrorism (AML/CFT) Compliance Training for Staff of the Indian Bank	Officers from Indian Bank	IBSL
28.01.2025	Best Practices for Bank Tellers	Officers from Fls	CBS
13.02.2025	AML/CFT Compliance for Financial Institutions	Officers from Fls	CBS
13.02.2025	Awareness Programme on AML/CFT Compliance Obligations	Practicing Members of ICASL	CBSL
20,21.02.2025	Awareness Programme on ML/TF, Pyramid Schemes and Unauthorized deposits	Sub-inspectors and Chief Inspectors	Kurunegala, CBSL-Anuradhapura Cinnamon Grand, Colombo
25.02.2025	ACOB Symposium	Officers from LBs	CBSL
27.02.2025	AML/CFT Training Programme for Restricted Dealers	COs of Tourist hotels and authorized money changers	CBSL
18.03.2025	AML/CFT Compliance Obligations for all DNFBPs	Officers from DNFBP Sector	CBS
23.03.2025	Awareness Session on AML/CFT Obligations	Officers from LBs, LFCs	Nuwara-Eliya
24.03.2025	Awareness Session on Scam Operations	Government officials, School teachers, Students	Nuwara-Eliya

Table 5.1

Awareness programmes conducted by FIU-Sri Lanka in 2025

Date	Programme	Stakeholder	Venue
24.03.2025	Awareness Programme on AML/CFT Compliance Requirements	Gem and Jewellery Dealers	Kandy
01.04.2025	Mock Preparation Session for DNFBPs	Officers from DNFBP Sector	CBSL
02.04.2025	Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka	Officers from LBs, LFCs, MVTs, PDs	Virtual
20.05.2025	AML/CFT Compliance for Financial Institutions	Officers from FIs	CBS
26.05.2025	Knowledge Transfer Session on Supervision to SEC	Officers from SEC	SEC
27.05.2025	Awareness Session on AML/CFT for the Securities Sector	Compliance Officers of SBs, Margin Providers, Investment Managers, Collective Investment Managers/Unit Trusts	CBS
29.05.2025	Awareness Session on AML/CFT for RDs	Management of Cinnamon Group	Virtual
30.05.2025	Awareness Session on Sri Lanka's Third Mutual Evaluation	Commissioners and Senior Management from SEC and Senior Management from CSE	SEC-Auditorium
30.05.2025	The Role of Sri Lanka Police in the Illegal Financial Activities and Scams	Sri Lanka Police	Galle
04.06.2025	Awareness Session on AML/CFT Compliance Obligations	Principal Officers from Insurance Brokering Companies	CBS
17.06.2025	FHA Symposium	Officers from LFCs	Galadari, Colombo
25.06.2025	Knowledge Sharing Session for Supervisors of Financial Institutions	Regulators	CBS

Table 5.1

Awareness programmes conducted by FIU-Sri Lanka in 2025

Date	Programme	Stakeholder	Venue
26.06.2025	Awareness series on Managing Financial Crime Risks in the Financial Services Sector in Sri Lanka	Officers from RIs	CBSL
30.06.2025	AML/CFT Compliance Obligations for all DNFBPs	Officers from DNFBP Sector	CBS
01.07.2025	Awareness Programme on AML/CFT for Officers of NGJA	Officers from NGJA	NGJA-HQ
03.07.2025	Awareness Programme for Gem and Jewellery Dealers	Officers of Gamini Jewellers	Gamini Jewellers
16.07.2025	Awareness Programme on Enhancing the Quality of STRs through Feedback	Officers of LBs, LFCs, MVTs	CBS
17.07.2025	Awareness Programme on Enhancing the Quality of STRs through Feedback	Officers of ICs, SBs, PDs	CBS
14.08.2025	Awareness Programme on AML/CFT for Registered Investment Advisers from Market Intermediaries	Officers from SB, UTs and Investment Managers	CBS
15.08.2025	Awareness Programme on AML/CFT Compliance Obligations for the Gem and Jewellery Sector	Gem and Jewellery Dealers	Ratnapura
27.08.2025	Mastering Legal and Regulatory Framework Related to FIs	Officers from FIs	CBS
04.09.2025	AML/CFT Compliance Obligations for all DNFBPs	Officers of DNFBP Sector	CBS
04.09.2025	Awareness Programme on AML/CFT for Senior Management of the Sri Lanka Insurance Corporation Life Limited	Senior Management of the Sri Lanka Insurance Corporation Life Limited	SLIC-Auditorium
04.09.2025	Use of Financial Intelligence and Information for the Investigation of Drug Trafficking	Officers of Excise Department	NDDCB
08.09.2025	Awareness for Staff of NGJA on AML/CFT	Officers of NGJA	NGJA
09.09.2025	Sector Led High Level Discussion on Mutual Evaluation Preparation for the Banking Sector	Officers from LBs	Commercial Bank of Ceylon PLC-Auditorium

Table 5.1

Awareness programmes conducted by FIU-Sri Lanka in 2025

Date	Programme	Stakeholder	Venue
12.09.2025	Course in "Compliance"	Lawyers	Virtual
15-19.09.2025	Capacity Building Programme for the AML/CFT Supervisory/Regulatory Staff of Sri Lanka	Officers from Regulatory Authorities	CBS
23.09.2025	AML/CFT Compliance for FIs	Officers from FIs	CBS
23.09.2025	AML/CFT Awareness Programme on Preparation for ME and Sharing Best Practices	RDs	CBSL
30.09.2025	Awareness Session on Drug Trafficking Patterns	COs of LBs, LFCs, MVTs	CBSL
26.09.2025	Identifying and Reporting TBML	Officers from SL Customs	SL Customs
08.10.2025	Identifying and Reporting TBML	Officers from SL Customs	SL Customs
23.10.2025	Identifying and Reporting TBML	Officers from SL Customs	SL Customs
28.10.2025	Awareness for BOD of Asia Asset Finance PLC	BODs of Asia Asset Finance PLC	Galle Face Hotel, Colombo
29.10.2025	Regulatory Framework Relating to Non-Bank Financial Institutions	Officers from FIs	CBS
30.10.2025	Identifying and Reporting TBML	Officers from SL Customs	SL Customs
06.11.2025	Awareness Series on "Managing Financial Crime Risks in the Financial Services Sector in Sri Lanka"	Officers from RIs	CBSL
15.11.2025	AML/CFT Awareness for Co-operative Societies	Co-operative societies	IBSL
17.11.2025	Awareness Session for BOD of ICs	BOD of ICs	Virtual
17.11.2025	Prosecutorial Training for Agencies Mandated to Prosecute Illegal Wildlife Trade	Officers of Environmental Sector	Cinnamon Grand Hotel, Colombo
20.11.2025	Certificate Course on Compliance in Banks	Officers from LBs	CBS
20.11.2025	ML/TF and Future threats and control mechanisms	Officers from DMI	School of Military Intelligence



Table 5.1

Awareness programmes conducted by FIU-Sri Lanka in 2025

Date	Programme	Stakeholder	Venue
27.11.2025	Annual High-Level AML/CFT/CPF Awareness Conference	BOD and Senior Management from Fls	CBSL
05.12.2025	Awareness on AML/CFT for CEOs of LFCs and SLCs	CEOs of LFCs and SLCs	CBSL
09.12.2025	Training on Reporting STRs through the goAML System	Officers from DNFBPs	CBSL
10.12.2025	Awareness Session for Staff of First Capital Holdings	Officers of First Capital Holdings	Virtual
11.12.2025	AML/CFT Compliance Obligations for all DNFBPs	Officers of DNFBP Sector	CBS
17.12.2025	AML/CFT Compliance for Fls	Officers from Fls	CBS
19.12.2025	AML/CFT Obligations for TCSPs	TCSPs	BASL
22.12.2025	Awareness Session on Crypto Currency Investigation	Officers from CID, IRD, CIABOC, Customs	CBSL

Source: Financial Intelligence Unit —Sri Lanka

5.3 Depth and breadth of awareness programmes conducted by FIU–Sri Lanka

Table 5.2

Awareness programmes conducted by FIU-Sri Lanka in 2025

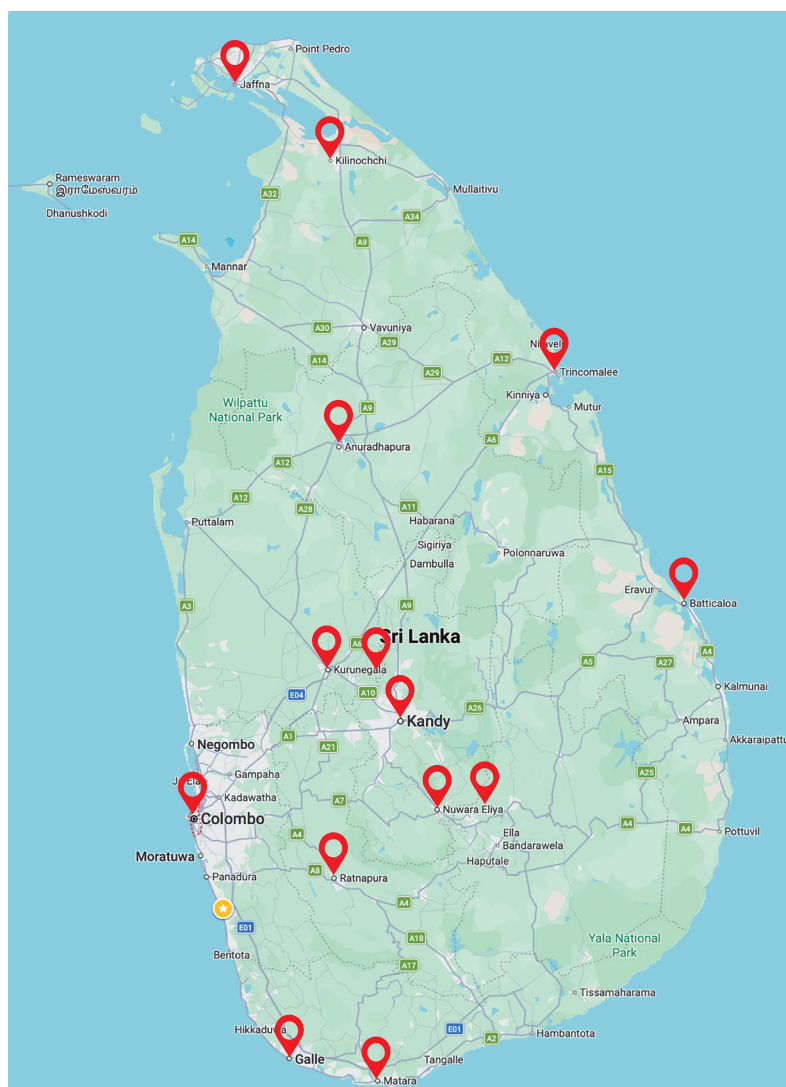
Year	Awareness Programmes	Participants	Districts Covered
2016	30	1,630	Colombo, Matara, Matale, Kurunegala, Galle, Jaffna
2017	35	2,624	Colombo, Batticaloa, Trincomalee, Matara, Anuradhapura, Nuwara Eliya
2018	61	3,412	Colombo, Trincomalee, Matale, Anuradhapura, Matara
2019	55	3,688	Anuradhapura, Batticaloa, Colombo, Jaffna, Kilinochchi
2020	27	1,978	Colombo, Galle, Matara, and island-wide coverage with online programmes
2021	65	approx. 5,000	Island-wide coverage with online programmes
2022	25	2,708	Colombo, Kurunegala, Anuradhapura and island-wide coverage with online programmes

Table 5.2
Awareness programmes conducted by FIU-Sri Lanka in 2025

Year	Awareness Programmes	Participants	Districts Covered
2023	58	approx. 3,500	Colombo and island-wide coverage with online and physical programmes
2024	52	approx. 3,500	Colombo, Matara, Rathnapura and island-wide coverage with online and physical programmes
2025	67	approx. 6,500	Colombo, Matara, Badulla, Nuwara-Eliya, Kurunegala, Anuradhapura, Kandy, Ratnapura, Galle and island-wide coverage with online programmes

Source: Financial Intelligence Unit – Sri Lanka

Geographical Coverage of Awareness Programmes Conducted by FIU-Sri Lanka 2025



5.4 Awareness through print and electronic media

Table 5.3

Awareness through print and electronic media - 2025

Date	Press Notices
28.02.2025	Paper Advertisement on Customer Due Diligence for FIs - (English, Sinhala and Tamil)
02.03.2025	
28.11.2025	
30.11.2025	
28.12.2025	
29.12.2025	
06.04.2025	Paper Advertisement Informing the Public to Conduct Foreign Currency Transactions Only Through Authorized Dealers and RDs - (English, Sinhala and Tamil)
07.04.2025	
07.12.2025	
11.12.2025	
13.07.2025	Paper Advertisement for the Appointment of Compliance Officers for Real Estate Agents - (English, Sinhala and Tamil)
14.07.2025	
24.08.2025	
25.08.2025	
12.10.2025	
13.10.2025	
22.10.2025	Paper Advertisement on Customer Due Diligence for RDs - (English, Sinhala and Tamil)
26.10.2025	
26.10.2025	Paper Advertisement on Politically Exposed Persons - (English, Sinhala and Tamil)
27.10.2025	
26.10.2025	Paper Advertisement for the Appointment of a Compliance Officer for Accountants - (English)
27.10.2025	
23.11.2025	
24.11.2025	
28.12.2025	
29.12.2025	
28.12.2025	Paper Advertisement Emphasizing Compliance Requirements for the DNFBP Sector - (English, Sinhala and Tamil)
29.12.2025	

Source: Financial Intelligence Unit – Sri Lanka

Sample Paper Advertisements

AN ANNOUNCEMENT TO THE PUBLIC

Do you carryout transactions with any of the following types of financial institutions?

- Licensed Banks
- Stockbrokers
- Licensed Finance Companies
- Restricted Dealers
- Insurance Companies
- Primary Dealers
- and Insurance Brokers
- MVTS Providers

When requested by these institutions, it is your responsibility to provide the information and supporting documents

Information and Documents Required by the Financial Institutions for the Customer Due Diligence Process

- Full Name
- Permanent / Residential Address
- Telephone Number
- Date of Birth
- Nationality
- NIC/Passport/Driving License
- Employment Details
- Source of Funds
- Expected Monthly Turnover
- Purpose of the Account/Transaction
- Expected Mode of Transactions, etc.

■ Treat any third-party transactions made using your account with caution.

■ Keep your account credentials and PIN private. Share neither with outside parties as your account could be vulnerable for unauthorized transactions leading to financial crimes.

Be Mindful!

Director, Financial Intelligence Unit of Sri Lanka, Central Bank of Sri Lanka, No. 30, Janadipatti Mawatha, Colombo 01

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CUSTOMER DUE DILIGENCE

ARE YOU A REAL ESTATE AGENT/ PROPERTY DEVELOPER OR CONDOMINIUM PROPERTY DEVELOPER?

IF SO, YOU ARE REQUIRED TO APPOINT A COMPLIANCE OFFICER UNDER THE FINANCIAL TRANSACTIONS REPORTING ACT, NO. 06 OF 2006

DOWNLOAD THE COMPLIANCE OFFICER DECLARATION FORM AND SUBMIT THE COMPLETED FORM TO THE FIU VIA EMAIL OR REGISTERED POST

ENSURE PROMPT COMPLIANCE AND AVOID ADVERSE IMPACT ON YOUR BUSINESS

Financial Intelligence Unit (FIU), Central Bank of Sri Lanka, No. 30, Janadipatti Mawatha, Colombo 01

011-2398908

REAL ESTATE AGENTS

COMPLIANCE ALERT TO NON-FINANCIAL BUSINESSES AND PROFESSIONS

KNOW YOUR RESPONSIBILITIES

Are you

- in real estate business
- a dealer in precious metals or in precious and semi-precious stones
- in casino business, gambling business or conducting of a lottery including such business through internet
- an accountant
- a lawyer or a notary
- a trust or a company service provider

Then you have a critical role in safeguarding our financial system and the country

What do you need to do?

- Conduct Customer Due Diligence (CDD): You are required to identify your customers and verify their identities as per Part II of the CDD Rules and obtain information about the purpose of transaction and source of funds.
- Maintain Records: Maintain accurate records of transactions and customer details for 6 years.
- Report Suspicious Transactions: If you encounter any suspicious transactions, promptly report them to the Financial Intelligence Unit (FIU) of Sri Lanka.

By giving your support to implement these requirements, you join hands with FIU of CBSL in combating money laundering and terrorist financing in Sri Lanka

Stay vigilant, fulfil your legal obligations and protect our financial system

Failure to comply with the AML/CFT requirements under the FTRA may lead to legal consequences

To find out more, please contact

Director, Financial Intelligence Unit of Sri Lanka, Central Bank of Sri Lanka, No. 30, Janadipatti Mawatha, Colombo 01

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DNFBP SECTOR

AN ANNOUNCEMENT TO THE PUBLIC

Please make sure to sell your Foreign Currency only through an Authorized Dealer / Restricted Dealer with the logo

For transactions exceeding **Rs. 200,000.00 or its equivalent in any Foreign Currency**, it is your responsibility to provide the **required information and an Identification Document (E.g., National Identity Card, Passport, Driving License)** for the **Customer Due Diligence process** to your **Authorized Dealer/Restricted Dealer**

Director, Financial Intelligence Unit of Sri Lanka, Central Bank of Sri Lanka, No. 30, Janadipatti Mawatha, Colombo 01

0112477125 0112477692

RESTRICTED DEALERS

Are you a PEP?

If you are,

an individual who is entrusted with prominent public functions either domestically or by a foreign country or by an international organization and includes:

- a head of a State or a Government
- a politician
- a senior government officer
- a judicial officer
- a military officer
- a senior executive of a State-Owned Corporation/Government or Autonomous body (does not include middle ranking or junior ranking individuals) or
- close family members and associates of above

You will be categorized as a Politically Exposed Person (PEP) when conducting Customer Due Diligence by Financial Institutions (FI) and Designated Non-Finance Businesses and Professions (DNFBP).

You are required to inform your status as a PEP, if you are coming under above definition when conducting a transaction with FI and DNFBPs.

Financial Institutions (FI)

Eg: Licensed Banks, Licensed Finance Companies, Stock Broking Companies, Money or Value Transfer Service Providers, Insurance Companies, Restricted Dealers

Designated Non-Finance Businesses and Professions (DNFBPs)

Eg: Casinos, Real Estate Agents, Gem and Jewellery Dealers, Accountants, Lawyers, Notaries and Other Independent Legal Professionals, Trust and Company Service Providers

FI and DNFBPs are required to implement appropriate internal policies, procedures and controls to determine, if the Customer or the Beneficial Owner is a PEP, when they conduct transactions for their customers.

This is a requirement under the Financial Transactions Reporting Act, No. 06 of 2006, Financial Institutions (Customer Due Diligence) Rules, No. 01 of 2016 and Designated Non-Finance Business (Customer Due Diligence) Rules, No. 01 of 2016.

The collection of such information from customers is a globally accepted practice. Hence, the support and co-operation of customers of all FI and DNFBPs are solicited.

For more information on PEP, scan the QR code to refer "Guidelines on Identification of Politically Exposed Persons, No. 03 of 2019" issued by the Financial Intelligence Unit

Should you require further clarifications, please contact the Financial Intelligence Unit

0112 477 125 | 0112 477 692 | 0112477692

POLITICALLY EXPOSED PERSONS

Financial intelligence Unit (FIU) in collaboration with the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

CALLING ALL ACCOUNTANTS!

YOU SERVE AS THE FRONTLINE IN COMBATING MONEY LAUNDERING

As per the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), if you engage in the following activities within your professional capacity either as an individual, firm or partnership:

- buying and selling of real estate,
- managing of client money, securities or other assets,
- management of bank, savings or securities accounts,
- organization of contributions for the creation, operation or management of companies,
- creation, operation or management of legal person or arrangements and the buying and selling of business entities.

You are required to appoint a Compliance Officer.

Scan the QR code, fill the Google Form and submit the completed form to the FIU

For further information

Email: fiu@fintank.gov.lk

Address: Financial Intelligence Unit (FIU), Central Bank of Sri Lanka, No. 30, Janadipatti Mawatha, Colombo 01

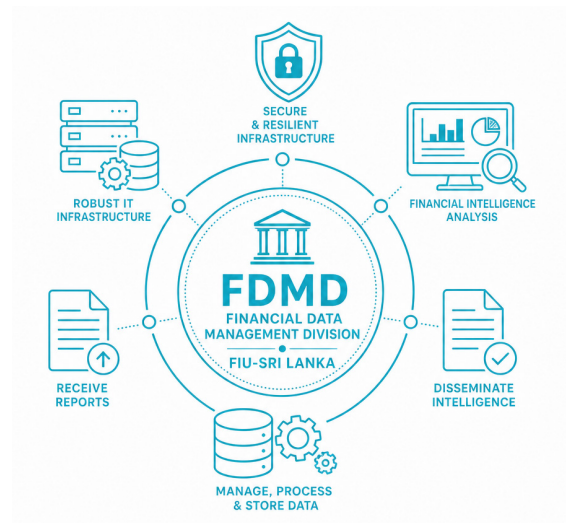
Website: www.fintank.gov.lk

ACCOUNTANTS



06

IT INFRASTRUCTURE FOR REPORTING AND ANALYSIS



6.1 Introduction

The Financial Data Management Division (FDMD) of FIU-Sri Lanka plays a pivotal role in designing, managing, and continuously strengthening the technological framework that underpins the collection, processing, and analysis of financial intelligence. A robust and resilient IT infrastructure is essential for FIU-Sri Lanka's mandate of receiving, analysing, and disseminating financial intelligence in a timely and effective manner, particularly in the context of increasing reporting volumes and growing complexity of financial transactions.

The goAML system, a comprehensive reporting and analytical platform developed by the United Nations Office on Drugs and Crime (UNODC), continues to serve as the core IT system of FIU-Sri Lanka. The system is currently deployed by more than 70 FIUs worldwide and provides a secure and standardised mechanism for the submission of statutory reports by Reporting Institutions (RIs), analytical processing by FIU-Sri Lanka, and the dissemination of financial intelligence to Law Enforcement Agencies (LEAs) and other competent authorities.

During 2025, FIU-Sri Lanka implemented a series of targeted system enhancements aimed at improving operational efficiency, data quality, and analytical effectiveness. These enhancements included the automation of selected workflows, strengthening of data validation controls, and the integration of additional data sources to support intelligence development. Collectively, these improvements enhanced FIU-Sri Lanka's capacity to manage increasing reporting volumes while ensuring data reliability and analytical rigour. Looking ahead, FIU-Sri Lanka would continue to adopt advanced analytical technologies to further strengthen intelligence-led decision-making and support more targeted and effective intelligence outcomes.

6.2 The goAML System Architecture

The goAML system functions as the primary platform, through which, RIs, LEAs, and relevant authorities submit reports to FIU–Sri Lanka. The reporting framework encompasses the following key categories of institutions:

- **Reporting Institutions (RIs):** RIs are required to submit a range of statutory reports, including threshold transaction reports (transactions exceeding Rs. 1 million or its equivalent in any foreign currency), Suspicious Transaction Reports (STRs), and responses to Call for Information Requests (CFIRs) issued by FIU–Sri Lanka.
- **Law Enforcement Agencies (LEAs) and Supervisory Authorities (SAs):** LEAs and SAs submit Information Request–Domestic (IRD) reports to obtain financial intelligence relating to identified Persons, Accounts, or Entities (PAEs). In addition, during 2025, a new report type titled Suspicious Unlawful Activity (SUA) was introduced, enabling LEAs and SAs to formally submit information on identified unlawful activities coming within their respective mandates to FIU–Sri Lanka.

Reports may be submitted to the goAML system either through structured online web-based forms or via Extensible Markup Language (XML) file uploads, in accordance with the prescribed goAML reporting schema. All submissions are subject to a multi-layered validation process designed to ensure accuracy, completeness, and data integrity prior to storage in the analytical database. Reports that fail to meet validation requirements are returned to the submitting entities for rectification and resubmission, thereby strengthening overall data quality and ensuring analytical reliability.

6.3 Threshold Reporting Statistics

During 2025, FIU–Sri Lanka continued to receive a substantial volume of threshold transaction reports through the goAML system. Monthly reporting statistics indicate sustained reporting across Cash Transaction Reports (CTRs), Electronic Fund Transfers (EFTs), and International Fund Transfers (IFTs), with notable increases in EFT volumes throughout the year. Detailed monthly statistics on the number and value of threshold transactions are presented in Figures 6.2 and 6.3, and Tables 6.1 and 6.2, respectively.

Figure 6.1
goAML System and Operations

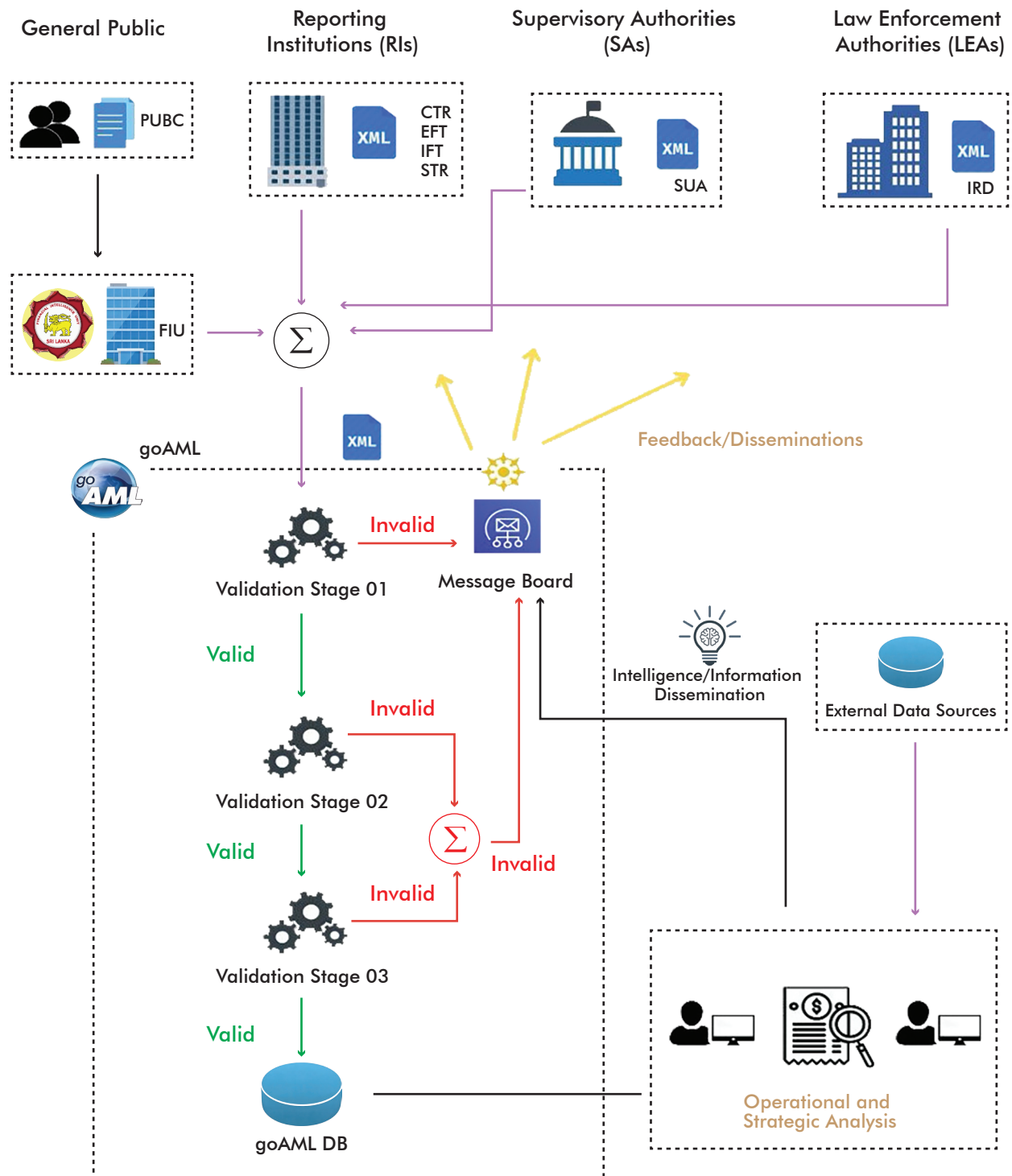


Figure 6.2
Threshold Transactions Reported Monthly
(2024-2025)

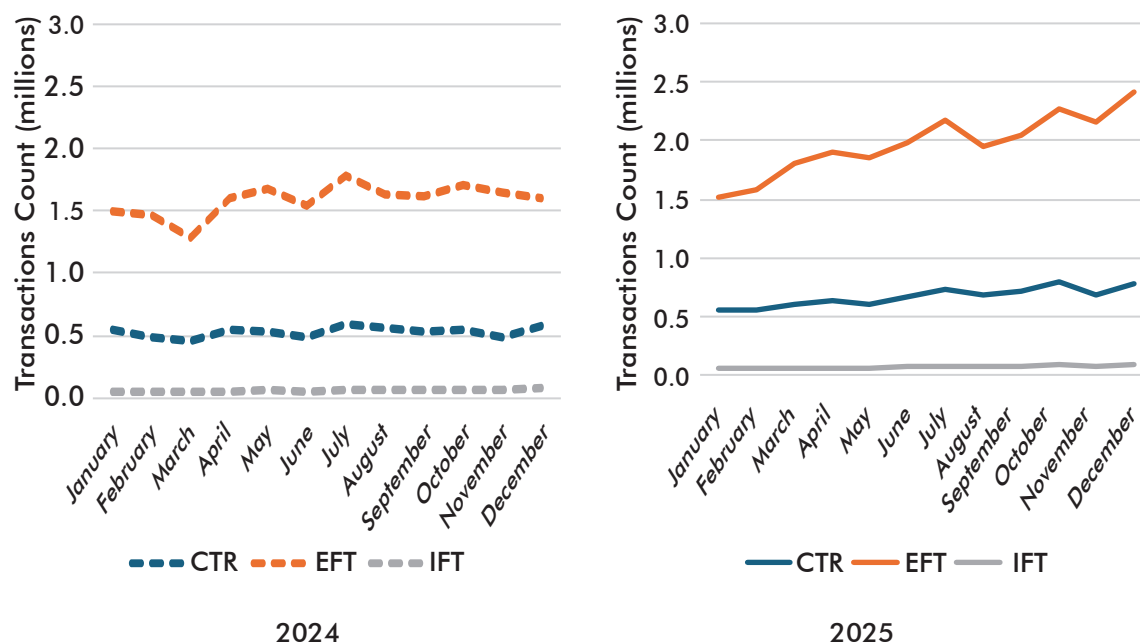


Table 6.1
Threshold Transactions Reported Monthly (2024–2025)

Month	2024			2025*		
	CTR	EFT	IFT	CTR	EFT	IFT
January	540,102	1,503,188	53,726	566,244	1,526,219	71,142
February	480,850	1,461,935	50,615	551,694	1,579,505	62,592
March	455,663	1,286,977	50,554	610,353	1,798,780	69,849
April	552,675	1,605,243	52,200	646,975	1,905,750	70,416
May	531,410	1,682,457	56,767	601,138	1,856,118	71,737
June	490,820	1,536,449	52,499	664,172	1,980,909	72,658
July	584,607	1,780,830	61,972	742,867	2,168,887	81,895
August	558,213	1,636,291	68,882	680,412	1,944,218	78,438
September	527,822	1,624,603	63,076	717,424	2,047,732	82,800
October	541,867	1,702,237	69,509	791,558	2,261,691	90,279
November	490,407	1,643,960	58,357	681,817	2,163,548	82,819
December	573,338	1,605,745	73,551	782,126	2,413,306	93,441

*Provisional

Source: Financial Intelligence Unit – Sri Lanka

Figure 6.3

Monthly Value of Threshold Transactions Reported (2024–2025)

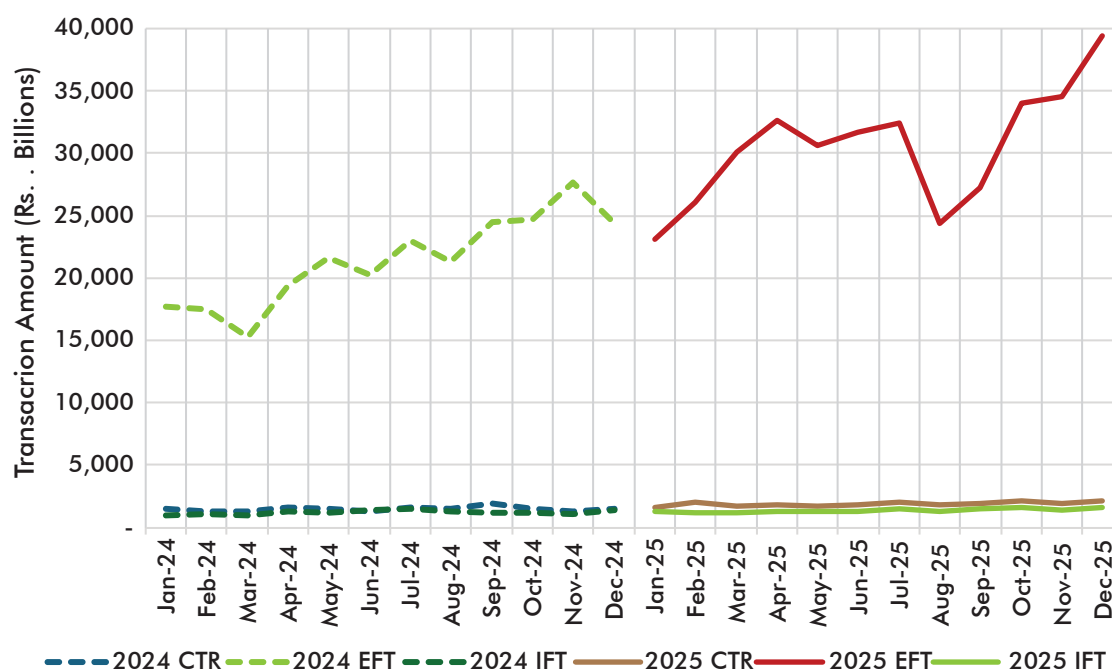


Table 6.2

Monthly Value of Threshold Transactions Reported (2024–2025)

Month	2024 (Rs. billion)			2025* (Rs. billion)		
	CTR	EFT	IFT	CTR	EFT	IFT
January	1,479	17,718	973	1,564	23,057	1,312
February	1,318	17,491	1,114	1,997	26,030	1,157
March	1,288	15,255	981	1,655	30,106	1,198
April	1,573	19,350	1,317	1,806	32,623	1,335
May	1,478	21,584	1,183	1,673	30,617	1,286
June	1,321	20,198	1,398	1,860	31,702	1,333
July	1,571	23,051	1,499	2,013	32,435	1,482
August	1,542	21,287	1,325	1,838	24,408	1,329
September	1,899	24,440	1,198	1,953	27,232	1,488
October	1,474	24,700	1,199	2,123	34,008	1,649
November	1,331	27,625	1,115	1,891	34,528	1,385
December	1,540	24,396	1,408	2,173	39,452	1,647

*Provisional

Source: Financial Intelligence Unit – Sri Lanka

A comparative analysis of threshold reporting between 2024 and 2025 (Table 6.1, 6.2) reveals several notable trends. EFTs recorded a significant increase in both volume and value, underscoring the growing reliance on electronic and digital payment mechanisms, likely driven by the expansion of e-commerce and digital financial services. Cash Transactions and IFTs also recorded moderate increases during the period, although the growth in these categories was less significant compared to EFTs.

Analysis of reporting by Institution type further indicates that banks continued to dominate threshold reporting during 2025 similar to the trend observed in 2024. In terms of transaction volumes, banks accounted for approximately 85 per cent of cash transactions, 92 per cent of EFTs, and almost all IFTs. Similarly, in value terms, banks contributed approximately 86 per cent of cash transaction values and 98 per cent of EFT values (Figures 6.4 and 6.5).

Figure 6.4
Number of Threshold Transactions Reported by Reporting Institution Type (2024–2025)

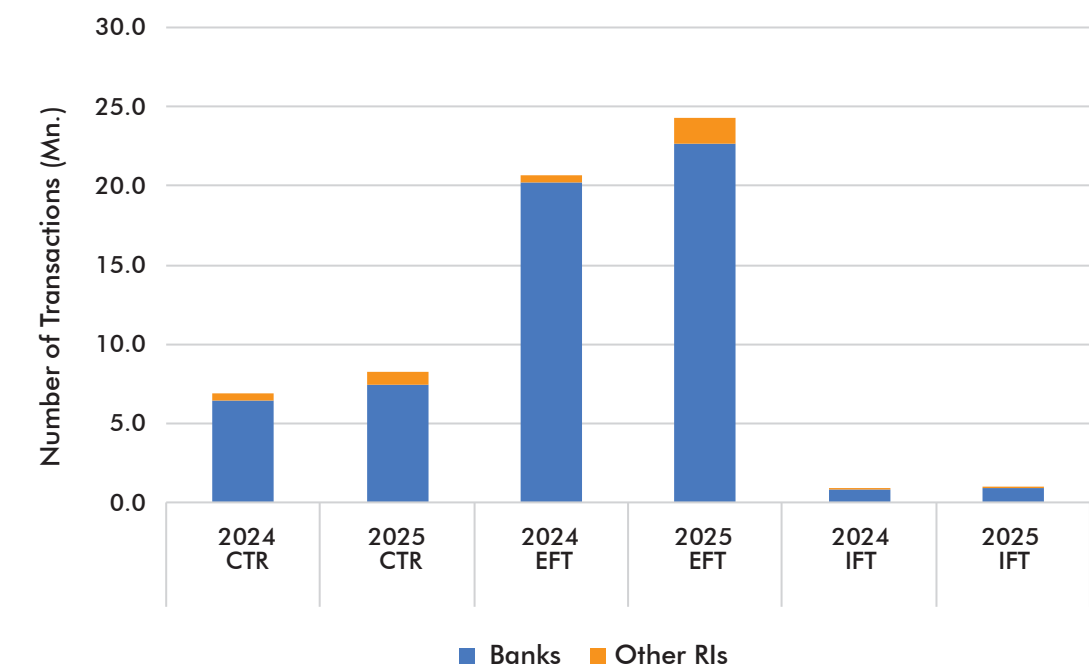
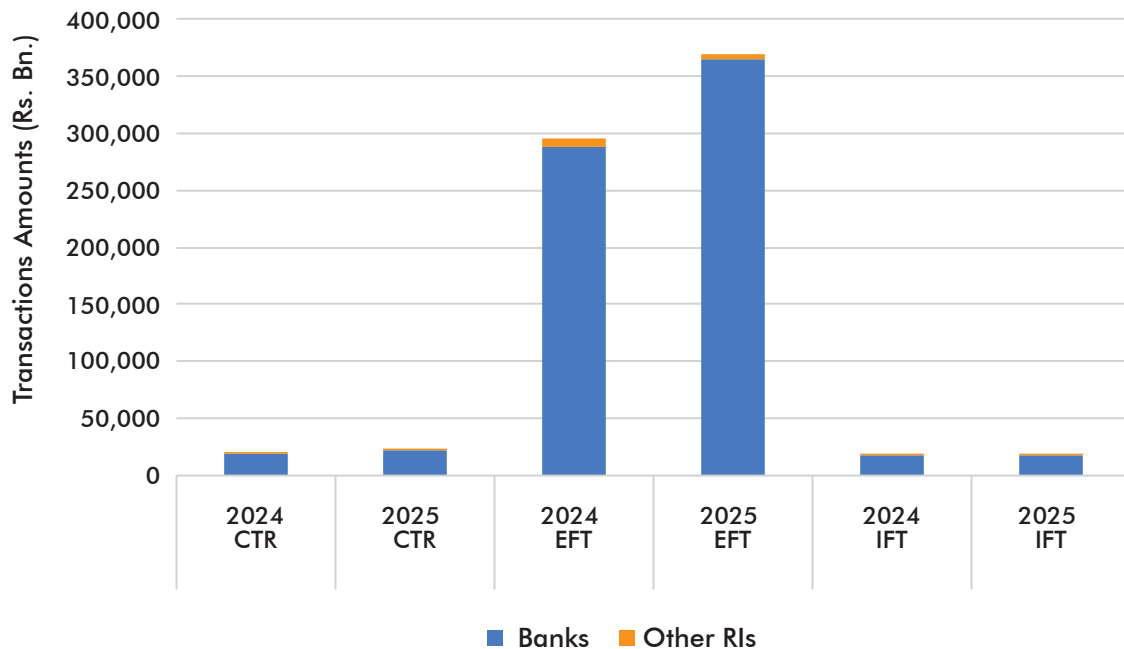


Figure 6.5

Value of Threshold Transactions Reported by Reporting Institution Type (2024-2025)



6.4 Innovative Initiatives to Enhance Reporting and Analysis

6.4.1 Automation of Transaction Checks

During 2025, FIU–Sri Lanka introduced an automated mechanism enabling RIs to verify whether specific transactions, or sets of transactions, have been successfully reported to the goAML system. Prior to this enhancement, such verifications were conducted manually, resulting in additional operational burden and potential delays.

The automated verification functionality allows RIs to efficiently confirm reporting status, thereby reducing manual effort, minimising errors, and improving overall reporting accuracy. Furthermore, this enhancement has strengthened the effectiveness of onsite supervision conducted by the Supervision Divisions of FIU–Sri Lanka. Supervisory officers are now able to cross-check transactions reported to goAML against reportable transactions identified at the institutional level, enhancing the robustness of transaction reporting compliance assessments.

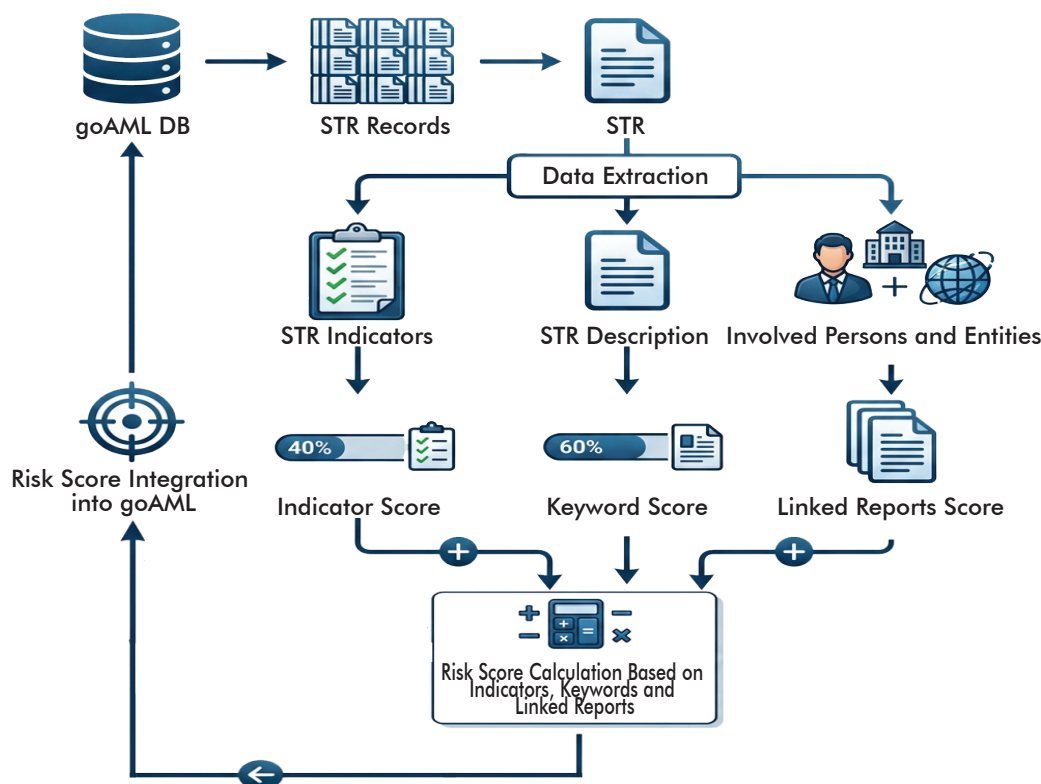
6.4.2 Enhancement of STR Scoring and Prioritisation

The Suspicious Transaction Report (STR) scoring and prioritisation mechanism, which previously operated as a standalone ad hoc system separate from the goAML platform, was significantly enhanced during 2025 and fully integrated into the goAML system. The earlier mechanism relied primarily on predefined Money Laundering and Terrorist Financing (ML/TF) risk indicators and keyword-based analysis.

The integration of the enhanced scoring mechanism into goAML has streamlined analytical workflows, improved system efficiency, and enabled analysts to effectively identify and prioritise higher-risk STRs. This enhancement has contributed to improved analytical focus and, effective and timely allocation of resources. Future development plans include the incorporation of machine learning techniques to further refine risk prioritisation and strengthen the effectiveness of STR analysis.

Figure 6.6

STR Prioritisation Mechanism



6.4.3 Technical Assistance Provided to Stakeholders

Throughout 2025, FDMD continued to provide technical assistance to RIs and other stakeholders to support accurate and timely reporting via the goAML system. Given the increasing volume and complexity of transaction reporting, continuous engagement was maintained to ensure proper understanding of reporting requirements, technical specifications, and data quality standards.

Assistance was provided through one-on-one discussions, virtual support sessions, email correspondence, and FIU-Sri Lanka organised training programmes. These interactions focused on supporting institutions in compiling and submitting reports (including CTR, EFT, and IFT) in accordance with the prescribed goAML reporting schema and validation requirements.

In particular, guidance was provided to resolve technical issues relating to XML report generation, schema compliance, and data validation errors. Support was also extended in correcting rejected reports and addressing inconsistencies identified during the validation process, thereby improving the overall accuracy and completeness of submitted reports.

6.5 goAML Version Upgrade

FIU-Sri Lanka commenced the process of upgrading the goAML system to the latest available version during 2025. The necessary hardware infrastructure is expected to be installed within the first quarter of 2026 and system configuration and implementation activities are scheduled for completion within the second quarter of 2026.

This initiative is being implemented in close collaboration with the UNODC and the Information Technology Department of the Central Bank of Sri Lanka. These partnerships continue to play a critical role in supporting technical enhancements and ensuring the effective and secure deployment of the upgraded system.

6.6 Development of the New FIU-Sri Lanka Website

The development of the new FIU-Sri Lanka website is ongoing and is scheduled for launch in mid-2026. The upgraded website has been designed to improve accessibility, usability, and information dissemination, and will serve as a more comprehensive and user-friendly platform for stakeholders, including Reporting Institutions, competent authorities, and the general public.

6.7 Publications on the FIU-Sri Lanka Website

Throughout 2025, FIU-Sri Lanka continued to utilise its official website as a key channel for timely public communication and stakeholder engagement. Publications included statutory disclosures, regulatory updates, sanctions-related notifications, administrative penalties, awareness initiatives, and key policy communications.

Details of publications issued during the year are summarised in Table 6.3.

Table 6.3

Publications on FIU - Sri Lanka's Website - 2025

	Date	Details
1	Jan 29, 2025	Annual Report of the FIU, for the year 2023 made under the Right to Information Act, No. 12 of 2016
2	Feb 13, 2025	Appointment of a High-Level Task Force on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) and Preparations for Sri Lanka's Third Mutual Evaluation on AML/CFT Framework
3	Feb 21, 2025	Update to the list of Designated Persons under Regulation 4(7) of the United Nations Regulations, No. 1 of 2012 pursuant to UN Security Council Resolution 1373 (2001)
4	Feb 24, 2025	Update to the list established and maintained pursuant to UN Security Council Resolutions 1267(1999), 1989(2011) and 2255 (2015) concerning Al Qaida, ISIL (Da'esh) and associated individuals, groups, undertakings and entities
5	Apr 04, 2025	Administrative Penalties imposed by the Financial Intelligence Unit (FIU) on Reporting Institutions from November to December 2024.
6	Apr 07, 2025	Asia Pacific Group on Money Laundering High-Level Visit to Sri Lanka on Mutual Evaluation Preparation Briefing
7	Apr 09, 2025	Circular No. 01/2025: Conducting Enhance Due Diligence with respect to the Non-Governmental Organisations, Not-for-Profit Organisations or Charities under Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016
8	Jun 02, 2025	Update to the list of Designated Persons under Regulation 4(7) of the United Nations Regulations, No. 1 of 2012 pursuant to UN Security Council Resolution 1373 (2001)
9	Jun 11, 2025	Update to the list established and maintained pursuant to UN Security Council Resolutions 1267(1999), 1989(2011) and 2255 (2015) concerning Al Qaida, ISIL (Da'esh) and associated individuals, groups, undertakings and entities
10	Jun 20, 2025	Update to the list established and maintained pursuant to UN Security Council Resolutions 1267(1999), 1989(2011) and 2255 (2015) concerning Al Qaida, ISIL (Da'esh) and associated individuals, groups, undertakings and entities
11	Jul 15, 2025	Anti-Pyramid National Awareness Week - 14th to 18th July 2025
12	Jul 18, 2025	

13	Aug 07, 2025	Administrative Penalties imposed by FIU-Sri Lanka on Reporting Institutions from January to June 2025
14	Sep 29, 2025	Re-application of Sanctions Pursuant to UN Security Council Resolution 2231 (2015)
15	Oct 01, 2025	Bi-Annual Statistics of the Financial Intelligence Unit
16	Oct 17, 2025	Update to the list established and maintained pursuant to UN Security Council Resolutions 1267(1999), 1989(2011) and 2255 (2015) concerning Al Qaida, ISIL (Da'esh) and associated individuals, groups, undertakings and entities
17	Oct 17, 2025	Update to the list of Designated Persons under Regulation 4(7) of the United Nations Regulations, No. 1 of 2012 pursuant to UN Security Council Resolution 1373 (2001)
18	Nov 21, 2025	The FIU Annual Report - 2024
19	Dec 24, 2025	Administrative Penalties imposed by the Financial Intelligence Unit on Reporting Institutions from July to September 2025



07

TYPOLGY ANALYSIS

TYPOLGY 1: DRUG TRAFFICKING

FIU-Sri Lanka initiated an analysis following the receipt of multiple Suspicious Transaction Reports (STRs) from Licensed Commercial Banks relating to two connected business entities engaged in wholesale and retail trading through physical outlets and online platforms. One entity was a limited liability company, while the other operated as a sole proprietorship. The entities were connected through common ownership, as both were owned by the same individual, with an additional individual serving as the director of the company. The STRs were escalations of alerts triggered by large volumes of cash deposits and withdrawals that appeared inconsistent with the known nature and scale of the businesses engaged in the entities.

Preliminary analysis established that the two entities were closely connected through common ownership and management. Both entities demonstrated similar transaction behaviour, characterised by frequent small value cash deposits made through Cash Recycling Machines (CRMs) and Cash Deposit Machines (CDMs). These deposits were often conducted at locations previously identified as high-risk areas for drug trafficking. The funds deposited were typically withdrawn shortly thereafter through ATM transactions or transferred to multiple third party accounts. Such rapid movement of funds, combined with the repetitive nature and uniformity of the deposits, raised significant concerns regarding the legitimacy of the underlying business activities.

The above transaction pattern was identified in line with the Red Flag Indicators No. 02 of 2023 issued by FIU Sri Lanka on 20 October 2023 on the identification of suspicious transactions relating to drug trafficking.

FIU Sri Lanka expanded the analysis by reviewing corporate registration records, director and proprietor information, and screening all relevant parties against FIU Sri Lanka's goAML database. This process revealed linkages to several other STRs submitted by different Reporting Institutions, indicating a broader network of potentially suspicious activity. Open-source information also revealed discrepancies in the entities' online presence. The business website was inactive and displayed unusual characteristics, including the use of a director's personal contact details rather than business information. Furthermore, the products advertised online, and their listed prices did not align with the transaction values reflected in the bank accounts. Social media accounts linked to the businesses showed minimal customer engagement and activity levels that were inconsistent with the high transaction volumes recorded.

Further network analysis identified frequent transactions between the entity accounts and the personal accounts of the directors, as well as with other connected individuals. It was observed that the transaction activity in the directors' personal accounts declined following the establishment of the entity accounts, suggesting a possible migration of transactional activity to the business accounts. Several connected parties within the network had previously been reported in STRs or identified by Law Enforcement Authorities in relation to drug trafficking, fraud, and other serious criminal activities, reinforcing the suspicion that the entities formed part of a wider illicit network.

Based on the cumulative findings, including structured cash deposits in high-risk locations, rapid movement of funds, linkages to individuals with prior drug-related records, and adverse information identified through open-source and law enforcement screening, FIU-Sri Lanka determined that there were reasonable grounds to suspect involvement in drug trafficking. Accordingly, a dissemination package was prepared and referred to the Police Narcotics Bureau to initiate investigations into suspected drug trafficking activities, to the Criminal Investigation Department to examine potential money laundering aspects, and to the Inland Revenue Department to assess possible tax evasion arising from the high account turnovers observed. Investigations by the relevant authorities are ongoing.

TYPOLGY 2: LAYERED CORPORATE TRANSACTIONS WITH PEP LINKAGE

FIU-Sri Lanka received multiple Suspicious Transaction Reports (STRs) from Licensed Financial Institutions concerning several companies incorporated within a short period and primarily engaged in solar and renewable energy projects. These entities shared common directors, shareholders, beneficial owners, and registered addresses, indicating a closely connected corporate structure.

Review of transaction records (2022-2025) identified several high-value inward remittances from foreign corporate accounts into local bank accounts maintained by related entities. The stated purposes of these remittances included equity investments and inter-company loans. However, subsequent transaction analysis conducted following STR submissions revealed that the funds were transferred through multiple accounts belonging to affiliated companies before being credited in Sri Lankan Rupee equivalents to one of the company accounts. The transaction trail was reconstructed leveraging data available on goAML and supplementary information obtained from reporting institutions.

Shortly after receiving inward remittances, substantial amounts were withdrawn in cash through over-the-counter cheque encashments by individuals connected to related companies. Certain entities involved in the transaction flows exhibited characteristics consistent with shell companies, including limited transaction history, absence of verifiable business activity, and lack of supporting documentation for underlying transactions when requested by reporting institutions.

Transaction patterns indicated that funds transferred as purported equity investments were withdrawn shortly after being credited, while funds described as loans were routed through multiple related entities before reaching the final recipient. Transfers were also observed between companies within the same ownership structure without clear commercial justification. In several instances, funds were withdrawn in cash immediately following inter-company transfers, reducing traceability of financial flows.

Subsequent analysis identified a linkage between the corporate network and a Politically Exposed Person (PEP). The account profile of this individual anticipated a low level of monthly transaction activity; however, actual transactions demonstrated substantial deposits and withdrawals inconsistent with the declared financial profile. Reviews of historical records showed that large cash deposits, recorded as proceeds from a property transaction, had been made by individuals connected to companies previously identified in the layered transaction network. The transaction trail indicated that funds originating from foreign sources were routed through multiple interconnected entities prior to being deposited into the PEP-linked account. These recipient entities were legally distinct from the previously analysed companies; however, transactional linkages and common associated parties were identified.

Analysis identified multiple indicators of suspicious financial activity, including the use of several interconnected companies sharing common ownership and addresses, receipt of high-value foreign remittances inconsistent with the stated business profiles, and multiple transfers among related entities without clear economic rationale. In addition, there was an absence of supporting agreements for declared loans or investments, withdrawal of significant funds in cash by third parties, transaction patterns inconsistent with the stated source of funds, and a financial linkage between the company

network and PEP.

The overall transactional behaviour, combined with the complex corporate structure, rapid movement of funds among related entities, and the identified linkage to a PEP, is consistent with typologies associated with layering and concealment of beneficial ownership. The discrepancies between declared transaction purposes and observed financial activity, together with third-party cash withdrawals and routing of funds through multiple entities before reaching a PEP-linked account, provided reasonable grounds for suspicion of potential money laundering or related financial offences. Accordingly, the case was disseminated to the relevant law enforcement authorities for further investigation.

TPOLOGY 3: TRADE-BASED MONEY LAUNDERING THROUGH PHANTOM SHIPPING

FIU-Sri Lanka received a Suspicious Transaction Report (STR) in the form of a public complaint, regarding a possible scheme of under valuation of imports, which was operated by two locally incorporated companies named Company A and B in collaboration with another offshore company, named Company C incorporated in Country X.

According to the STR, Company A and B were importing goods relating to their business in Sri Lanka and making undervalued Customs Declarations. The balance payments for the undervalued portions of those imports were made to various suppliers in Country Y through the account of Company C which was functioning as the intermediary company, by submitting false documents to the remitting bank quoting bogus shipments ('Phantom Shipping') from Country Y to Country X which were fictitious transactions.

FIU-Sri Lanka carried out an in-depth analysis of the case and found that the ultimate beneficial owner of Company C incorporated in Country X, was the spouse of one of the co-owners of Company A and B. The analysis revealed undisclosed related party transactions, effective control and ultimate beneficial ownership of the involved entities which supported the suspicion of layering of laundered proceeds using international trade transactions. Additionally, to further enrich the case prior to referring it to relevant Law Enforcement Authorities, FIU-Sri Lanka gathered information about Company C from the FIU of Country X through Egmont Secure Web.

Once analysis was concluded, FIU-Sri Lanka referred the STR along with the additional financial intelligence gathered from various sources including foreign FIUs to the Criminal Investigation Department and Sri Lanka Customs for further investigations

TYOLOGY 4: DETECTION OF SUSPICIOUS HIGH-VOLUME TRANSACTIONS THROUGH A MERCHANT WALLET

In 2025, FIU-Sri Lanka analysed a Suspicious Transaction Report (STR) submitted by a mobile payment service provider concerning a merchant mobile wallet. Although the wallet had been operational for several years, a sharp and sustained increase in transaction volumes was observed during the period from 2023 to 2025. This escalation in volume was assessed as inconsistent with both the stated nature of the merchant's business and its geographic location, and no clear rationale or reasonable economic justification could be established for the level of activity recorded.

Analysis of transaction data revealed several key red flags indicative of potential money laundering activity. Annual wallet turnover, which exceeded LKR 600 million, with credits and debits closely mirroring each other, suggested rapid circulation of funds rather than genuine commercial use. Customer cash withdrawals alone exceeded LKR 690 million over a 14-month period, translating to an average of approximately LKR 50 million per month and, in recent months, around LKR 2 million per day. Notably, a large number of withdrawals was carried out by individuals from multiple districts across the country, a pattern inconsistent with the expected customer profile of a local merchant operation.

In addition to cash withdrawals, the wallet recorded significant agency banking activity, with deposits exceeding LKR 600 million over the period under review. These deposits were characterized by high frequency and high value, further reinforcing concerns regarding the legitimacy of the transactions. Engagement by the reporting entity also raised concerns relating to governance and compliance, as the merchant operator appeared to exercise control over multiple third-party wallets and was reluctant to provide complete customer due diligence information when requested.

Further financial intelligence analysis conducted by FIU-Sri Lanka identified that the merchant operator maintained multiple accounts across banks and finance companies. Transactional activity, however, was concentrated in a limited number of these accounts, which were primarily funded through structured and frequent cash deposits, followed by rapid withdrawals. Network analysis revealed numerous connected parties transacting with the operator, several of whom had already been linked to previous STRs and law enforcement inquiries associated with suspected criminal activities, including drug related offences. The overall transaction patterns were consistent with layering and distribution techniques commonly associated with money laundering.

The case demonstrated the effective use of STRs and financial intelligence analysis in identifying complex and interconnected money laundering networks involving digital payment platforms and cash-intensive services. Actionable intelligence generated through the analysis was disseminated to relevant law enforcement authorities to support further investigation. In addition, the case contributed to the refinement of risk indicators and informed supervisory focus areas relating to merchant wallets, agency banking services, and finance company products.

This case aligns closely with Sri Lanka's national money laundering risk profile and highlights the emerging risks associated with the misuse of digital payment platforms for laundering proceeds of crime. It underscores the importance of robust transaction monitoring systems, effective customer due diligence measures, and close cooperation between reporting entities and FIU-Sri Lanka in safeguarding the integrity of the financial system.

TPOLOGY 5: MISUSE OF ONLINE BETTING/GAMING PLATFORMS FOR MONEY LAUNDERING ACTIVITIES

An analysis was initiated based on an STR received from a RI, in relation to the suspicion of engaging in online gaming activities, through a well-known international online gaming platform. The subject reported in the STR (Person A), was suspected of acting as an agent of the company offering the gaming platform, and thus facilitating online gaming activities.

The STR was analysed to identify fund flows in accounts held by Person A and it was identified that most of the funds had been transferred to a single individual (Person B), who had already been reported to FIU-Sri Lanka in previous STRs in 2023 and 2024.

Upon an analysis of transactions in accounts held by Person B, it was noted that funds had also been transferred to Person B from yet another third party (Person C) who had been reported to FIU-Sri Lanka in relation to an investigation conducted by the Special Task Force (Sri Lanka Police), on the suspicion of engaging in drug trafficking activities.

Further analysis on transactions revealed that Person B was linked to several STRs which were reported against different individuals under suspicions of engaging in pyramid schemes, digital currency transactions and online gaming activities. It was noted that a few of these connected individuals had also been reported to FIU-Sri Lanka as agents, engaged in online gaming activities.

The analysis was able to identify the fund flow through these accounts, where it was observed that a majority of these funds were circulated among several individuals and entities. Details were obtained from the Registrar of Companies (ROC) pertaining to the identified companies to find out any possible linkages between these parties. Apart from that, a review of the STR indicated that Person B was a connected party in one of these entities. It was further suspected that a majority of these funds were utilised to engage in digital currency transactions/online gaming activities.

The complete analysis was referred to the Criminal Investigation Department of the Sri Lanka Police with necessary supporting documents based on the suspicion that funds earned through illegal means such as pyramid schemes and drug trafficking, were being laundered through digital currency transactions and online gaming activities.

THE PHOTO GALLERY



FIU-Sri Lanka signed an MOU with National Center for Financial Information (NCFI) – Oman – July 09, 2025



Awareness Programme on Anti-Money Laundering and Countering the Financing of Terrorism Obligations for Licensed Banks and DNFBPs (Southern Province Regional Forum) - January 10, 2025





Awareness programme on “Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Obligations for Primary Dealers in Sri Lanka - January 24, 2025



Awareness Programme on Anti – Money Laundering and Countering the Financing of Terrorism Compliance Obligations for Practicing Members of Institute of Chartered Accountants of Sri Lanka - February 13, 2025



AML/CFT Training Programme for Restricted Dealers in Sri Lanka – February 27, 2025



Asia Pacific Group High Level Officials Visit – March 10 - 12, 2025





Awareness Session on AML/CFT for the Securities Sector – May 27, 2025



Awareness Session on Sri Lanka's 3rd Mutual Evaluation for Commissioners and Senior Management of the Securities and Exchange Commission (SEC) and Senior Management of the Colombo Stock Exchange (CSE) - May 30, 2025



Awareness Session on Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) Compliance Obligations for Insurance Brokers – June 04, 2025





Octopus Conference in Strasbourg – June 04 - 06, 2025



Knowledge Sharing Session for Supervisors of Financial Institutions - June 25, 2025



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (Programme 16) - June 26, 2025





Awareness Programme on “Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)” for Officers of National Gem and Jewellery Authority – July 01, 2025



Awareness Session on enhancing the quality of Suspicious Transaction Reports through feedback - July 16 - 17, 2025



Awareness Session on AML/CFT for the Securities Sector – August 14, 2025



Awareness Programme on “Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Compliance Obligations for the Gem and Jewellery Sector” – August 15, 2025



Panel discussion on “Strong AML/CFT Leadership” held in parallel with the APG Plenary, Tokyo - August 27, 2025



Awareness Programme on Anti Money Laundering and Countering the Financing of Terrorism (AML/ CFT) for the Senior Management of the Sri Lanka Insurance Corporation Life Limited – September 04, 2025



Sector Led High Level Discussion on Mutual Evaluation Preparation for the Banking Sector – September 09, 2025



Capacity Building Programme Conducted for AML/CFT Regulatory/Supervisory Staff - September 15 - 19, 2025



AML/CFT Awareness Programme for Restricted Dealers in Sri Lanka – September 23, 2025



Awareness Session for Compliance Officers on Recent Trends Related to Drug Trafficking – September 30, 2025



Technical Assistance Programme by Indian Officials to Strengthen Sri Lanka's AML/CFT Framework – September – November, 2025





Workshop on Freezing of Non-Financial Assets under Targeted Financial Sanctions – October 15, 2025



Awareness Session on Managing Financial Crime Risks in the Financial Services Sector of Sri Lanka (Programme 18) - November 06, 2025



Scoping visit by the U.S. Department of the Treasury to assess the Technical Assistance requirement of Sri Lanka to enhance the Anti Money Laundering and Countering of Terrorist Financing capacities – December 15-19, 2025







Appendix

A: List of Rules/ Directions/ Guidelines Issued From 2006 to 2025

2025

1. Conducting Enhance Due Diligence with respect of the Non-Governmental Organizations, Not-for-Profit Organizations or Charities under Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2025, Circular 01/2025
2. මුදල් විශුද්ධීකරණය හා ත්‍රස්තවාදයට මුදල් සැපයීම සම්බන්ධ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය තොරතුරු විදේශීය මූල්‍ය බුද්ධි ඒකක මගින් ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය, 01/2025
3. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනතේ 15(1) (අ) සහ 15(2) වගන්ති යටතේ තොරතුරු ඉල්ලීම සම්බන්ධ මාර්ගෝපදේශය, 02/2025
4. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනත යටතේ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය සහය ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය, 03/2025
5. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනත යටතේ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය සහය ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය - දේශීය ආදායම් දෙපාර්තමේන්තුව, 04/2025

2025

6. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනත යටතේ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය සහය ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය -සුරා බදු දෙපාර්තමේන්තුව, 05/2025
7. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනත යටතේ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය සහය ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය -අල්ලස් හා දූෂණ චෝදනා විමර්ශන කොමිෂන් සභාව, 06/2025
8. 2006 අංක 06 දරන මුදල් ගනුදෙනු වාර්තා කිරීමේ පනත යටතේ වැඩිදුර විමර්ශන සඳහා අවශ්‍ය සහය ලබා ගැනීමට කරනු ලබන ඉල්ලීම් සම්බන්ධ මාර්ගෝපදේශය -අල්ලස් හා දූෂණ චෝදනා විමර්ශන කොමිෂන් සභාව, 07/2025
9. Red Flag Indicators on Large Scale Scam Operations, Red Flag Indicator 01/2025
10. Scam Operations in the Form of Part-time Online Jobs, Red Flag Indicator 02/2025
11. Identification of Suspicious transactions relating to the Authorized Dealers/Restricted Dealers, Red Flag Indicator 03/2025

2024

1. Compliance with the Reporting Requirements under the Financial Transactions Reporting Act, No. 6 of 2006, Circular 01/2024
2. Compliance with the Rules on Customer Due Diligence for Financial Institutions, Circular 02/2024
3. Compliance with the Rules on Customer Due Diligence for Insurance Companies, Circular 02A/2024
4. Ensuring Institutional Compliance of the Restricted Dealers with the provisions of the Financial Transactions Reporting Act, No. 06 of 2006, Circular 03/2024
5. Compliance with the Financial Transaction Reporting Act, No. 6 of 2006 and the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018, Circular 04/2024
6. Trends and Red Flags in Unregulated Online Money Lending Activities, Red Flag Indicators 01/2024 (unpublished)
7. Identification Suspicious Transactions relating to TBML to all Licensed Banks, Licensed Finance Companies, Red Flag Indicator 02/2024 (unpublished)
8. Red Flag Indicators on Large Scale Scam Operations to all Licensed Banks, Licensed Finance Companies, Red Flag Indicators 03/2024 (unpublished)

2024

9. Red Flag Indicators to Combat Website Spoofing Scams, Red Flag Indicators 04/2024 (unpublished)
10. Red Flag Indicators on Tax related Money Laundering, Red Flag Indicators 05/2024 (unpublished)

2023

1. Calling for Due Vigilance on Compliance Lapses, Circular 01/2023
2. Institutional Compliance of Real Estate Sector under the Financial Transactions Reporting Act, No. 06 of 2006, Circular 02/2023
3. Reminder on adherence to previously issued guidelines and reporting formats on mandatory reporting under the Financial Transactions Reporting Act, No. 06 of 2006, Circular 03/2023
4. Reporting Domestic Electronic Fund Transfer Threshold Transactions to the goAML System of the FIU, Guidelines 01/2023 (unpublished)
5. Guideline on AML and CFT compliance for the Attorneys at Law and Notaries, Guidelines 02/2023
6. Identification Suspicious Transactions relating to Bribery and/or Corruption, Red Flag Indicator 01/2023 (unpublished)
7. Red Flags on possible Drug Trafficking related Financial Transactions, Red Flag Indicator 02/2023 (unpublished)
8. Identification of Suspicious Transactions relating to Insurance sector, Red Flag Indicator 03/2023 (unpublished)
9. Identification of Suspicious Transactions relating to Securities sector, Red Flag Indicator 04/2023 (unpublished)
10. Identification of Suspicious Transactions relating to MVTs sector, Red Flag Indicator 05/2023 (unpublished)
11. Guidelines on Reporting Domestic Electronic Fund Transfer (EFT) Threshold Transactions to the goAML System of the Financial Intelligence Unit (FIU), Guideline No. 01/2023

2022

1. Amendment to the Guidelines for Financial Institutions on CCTV Operations for AML/CFT
2. Purposes No. 2 of 2021, Circular 01/2022
3. Further information requested on Suspicious Transaction Reports, Circular 02/2022

2022

4. Provision of Efficient Banking Services to Sri Lankan Expatriates, Circular 03/2022
5. Authenticating customer identification details through the Department of Immigration and Emigration, Circular 04/2022
6. Guidelines for Financial Institutions on Keeping Accounts Reported in Suspicious Transactions Reports, Under Surveillance, No. 1 of 2022 (unpublished)

2021

1. Implementation of AML/CFT measures on parties involved with online payment platforms, Circular 01/2021
2. Trends in Foreign Currency Outflows via ATMs: Cash withdrawals overseas, Circular 02/2021
3. Additional measures to mitigate the emerging Money Laundering/ Terrorist Financing risks during the third wave of the COVID-19 Pandemic, Circular 03/2021
4. Guidelines for Financial Institutions on Enhancing STR Reporting Quality No. 1 of 2021
5. Guidelines for Financial Institutions on CCTV Operations for AML/CFT Purposes, No. 2 of 2021
6. Guidelines for Financial Institutions on Suspension of Transactions under Section 15 (2) of the FTRA, No. 3 of 2021
7. Deposits made under the Finance Act, No. 18 of 2021, Circular 04/2021

2020

1. Guidelines for LFCs, ICs and SBs on Scenario-based LankaFIN Reporting, No. 1 of 2020
2. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports, Circular No. 01/20
3. Extraordinary Measures of Extending the Deadline for Submission of Threshold Reports: Second Extension, Circular No. 02/20
4. Guideline for Accountants and Trust or Company Service Providers on Anti-Money Laundering and Countering the Financing of Terrorism Compliance Obligations, No. 2 of 2020

2020

5. Advice to Financial Institutions to Be Vigilant on the Emerging Money Laundering/ Terrorist Financing Risks, Circular No. 03/20
6. Direction on Contacting Compliance Officials during Weekends/Public and Bank Holidays, No. 1 of 2020
7. Guidelines on Non-Face-to-Face Customer Identification and Verification Using Electronic Interface Provided by the Department for Registration of Persons, No. 3 of 2020

2019

1. Insurers (Customer Due Diligence) Rules, No. 1 of 2019 - Extraordinary Gazette No. 2123/14, May 13 of 2019
2. Conducting Enhance Due Diligence with Respect of the Non-Governmental Organizations, Not for-Profit Organizations or Charities under Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016, Circular No. 01/19
3. Guidelines for Designated Non-Finance Businesses on Suspicious Transactions Reporting, No. 01 of 2019
4. Guidelines for Designated Non-Finance Businesses on Identification of Beneficial Ownership, No. 02 of 2019
5. Guidelines on Identification of Politically Exposed Persons, No. 03 of 2019
6. Debiting Withholding Taxes from Suspended Accounts, Circular No. 02/19

2018

1. Rules for Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018 - Extraordinary Gazette No. 2053/20, January 10, 2018
2. Amendments to the Rules for Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016- Extraordinary Gazette No. 2092/02, October 08, 2018
3. Procedure of Conducting Risk Based On-site Examinations, Circular No. 01 of 2018
4. Guidelines on ML and TF Risk Management for Financial Institutions, No. 1 of 2018

2018

5. Guidelines on AML and CFT Compliance Obligations for Casinos and Gambling Houses, No. 02 of 2018
6. Guidelines on AML and CFT Compliance Obligations for Dealers in Real Estate and Precious Metals, Precious and Semi-Precious Stones, No. 03 of 2018
7. Guidelines for Financial Institutions on Identification of Beneficial Ownership, No. 04 of 2018
8. Guidelines, No. 5 of 2018 on Implementing United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017
9. Guidelines for Financial Institutions on Suspicious Transactions Reporting, No. 06 of 2018
10. Guidelines, No. 7 of 2018 on Implementing United Nations (Sanctions in relation to Iran) Regulations No. 1 of 2018

2017

1. Circular on on-site examination in terms of Risk-Based approach examination plan 2017 to Chief Executive Officers of all Licensed Banks and Licensed Finance Companies
2. Guidelines on AML/CFT Compliance Obligations for Money or Value Transfer Service Providers, No. 1 of 2017
3. Suspicious Transactions (Format) Regulations of 2017 – Extraordinary Gazette No. 2015/56, March 30, 2017
4. Regulations Promulgating the Implementation of UNSCR 1718 on Democratic People's Republic of Korea - Extraordinary Gazette No. 2039/32 dated October 06, 2017
5. Regulations Promulgating the Implementation of UNSCR 1540 on Proliferation of Weapons of Mass Destruction (WMD) - Extraordinary Gazette No. 2039/31 dated October 06, 2017

2016

1. KYC/ CDD Rules for Financial Institutions - Extraordinary Gazette No. 1951/13, January 27, 2016
2. Circular on Definitions/ Clarifications for Financial Institutions (Customer Due Diligence) Rules No. 1 of 2016

2015

1. Reporting of Foreign Inward Remittances

2014

1. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting
2. Institutions - Authorized Money Changers
3. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting
4. Institutions (UNSCR 1373) - Licensed Banks and Licensed Finance Companies
5. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Insurance Companies
6. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Stockbrokers

2013

1. Circular to Directors of All Authorized Money Changing Companies, January 31, 2013
2. Public Statement by the Financial Action Task Force
3. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting
4. Institutions - All Licensed Banks and Licensed Finance Companies
5. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting
6. Institutions - Insurance Companies
7. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting
8. Institutions - Stock Brokering Companies

2012

1. Revisions to 40+9 Recommendations of the FATF
2. Notification from the FIU of St. Vincent and the Grenadines

2012

3. Amendments to the KYC/ CDD Rules, No.1 of 2011 for the Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1756/27, May 04, 2012

2011

1. KYC/ CDD Rules for Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1699/10, March 28, 2011
2. Auditor's Declaration on Establishment of Audit Functions
3. Compliance with the Reporting Requirement under Section 7 of the FTRA
4. Revisions to Extraordinary Gazette Notification No. 1699/10 - KYC/CDD Rules, No. 01 of 2011

2010

1. Web based Information Reporting System to the Insurance Companies
2. Web based Information Reporting System to the Stockbrokers

2009

1. Compliance with the Section 2 of the FTRA - (for LBs)
2. Compliance with the Section 2 of the FTRA - (for RFCs)
3. Inclusion of the Tamil Foundation among the list of Terrorist Organizations in US
4. AML/CFT Compliance Functions of the Insurance Industry
5. Web Based Reporting System for LCBs and LSBs
6. Web Based Reporting System RFCs

2008

1. KYC/ CDD Rules for the Insurance Industry
2. Compliance with Rules on CDD for Financial Institutions

2008

3. Compliance with Reporting Requirement (Amended)
4. Inclusion of the World Tamil Movement among the list of Terrorist Organizations in Canada
5. Use of Banking System by Institutions and Persons not Authorized to Accept Deposits
6. Compliance with Reporting Requirement of FTRA-Securities Industry
7. Compliance with Reporting Requirement of FTRA-Insurance Industry

2007

1. KYC/ CDD Rules for the Securities Industry
2. Compliance with KYC/CDD Rules for New Customers and existing Customers
3. Compliance with the Reporting Requirements under the FTRA
4. Light a Million Candles Campaign - Offences against Children
5. Mandatory Reporting Requirements – EFTs

2006

1. Compliance with the Reporting Requirement under the FTRA No 6 of 2006
2. Section 312 and Section 319 of the Patriot Act
3. FTRA No. 06 of 2006 Submission of Data
4. Financial Transactions Reporting Act, No. 06 of 2006
5. CDD for Inward Remittance





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