

APG HIGH-LEVEL DELEGATION VISITS SRI LANKA

11 September 2023

An APG high-level delegation visited Colombo, Sri Lanka from 6 to 8 September 2023 to discuss Sri Lanka's preparation for its next evaluation in the APG's fourth round, commencing in 2025. At the start of the next round of APG MEs, Sri Lanka will be one of the first non-FATF countries to be assessed against the revised FATF standards including amended beneficial ownership measures, new risk assessment requirements, enhanced asset recovery measures, virtual asset regulation and supervision, and others. Sri Lanka has a number of statutory reforms underway some of which address these new standards.

With Sri Lanka's 4th round ME scheduled to commence in March 2025 and an onsite visit in the latter half of that year (MER to be adopted in July 2026), Sri Lanka is keen to implement its legislative agenda at an early date to establish an effective AML/CFT system and to avoid FATF grey listing. A recent IMF paper (May 2021) on the impact of grey-listing on capital flows found that a large and statistically significant reduction in capital inflows results from grey listing - capital inflows decline on average by 7.6 percent of GDP when the country is grey-listed. Sri Lanka has been 'grey listed' by the FATF on two separate occasions in the past with significant impact on its financial system.

In preparing for its evaluation, and to discuss a number of issues including the revised FATF standards, the government invited the APG Co-Chair from Canada, Mr Julien Brazeau, the Executive Secretary, Dr Gordon Hook, and the Director of Mutual Evaluations, Mr David Shannon, to participate in a number of meetings with high-level officials. Significantly, the delegation met with the President of Sri Lanka, the Minister of Foreign Affairs, the Chief Justice of Sri Lanka, a Justice of the Supreme Court, and the Governor of the Central Bank. The delegation also met with a significant number of officials from the private sector.

Sri Lanka has demonstrated its high level of commitment to the next evaluation process and is preparing for a suite of legislation to give effect to its commitments to the APG and to the global AML/CFT network.



Photo:

Second from right: Mr Ranil Wickremesinghe - Sri Lanka's President, Finance Minister and Defence Minister; Second from left: Mr Julien Brazeau, APG Co-Chair, Canada. Far left: Mr David Shannon, APG Director; Far right: Dr Gordon Hook, APG Executive Secretary.