PRESS RELEASE
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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Financial Intelligence Unit
Date 20 July 2026

Administrative Penalties imposed by the Financial Intelligence Unit on Reporting Institutions from October 2025 to March 2026

By virtue of the powers vested under Section 19 (1) read together with section 19 (2) of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), financial penalties are imposed on Institutions for non-compliance with the provisions of the FTRA. In terms of the FTRA, the penalty may be prescribed by taking into consideration the nature and gravity of relevant non-compliances of the Institutions.

Accordingly, as Sri Lanka's regulator for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), the Financial Intelligence Unit (FIU) collected penalties as indicated below, amounting to Fourteen Million Six Hundred Thousand Rupees (Rs. 14,600,000) in total, from October 2025 to March 2026, to enforce compliance of the Institutions. The money collected as penalties was credited to the Consolidated Fund.

Reporting Institution	Details of Penalties and Non-Compliances
Financial Institutions	
LB Finance PLC	**Date of Imposition** : 03.10.2025 **Amount** : LKR 1,000,000.00 (One Million Rupees) **Date of Payment** : 24.10.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to report nine (09) transactions from the sample obtained during the examination, where the amount of such transactions exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency, to the FIU, within the specified period. This was identified during an offsite follow-up examination.

Cargills Bank PLC	**Date of Imposition** : 10.10.2025 **Amount** : LKR 2,000,000.00 (Two Million Rupees) **Date of Payment** : 16.10.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Bank had failed to, i. report eighteen (18) Electronic Fund Transfer (EFT) transactions from the sample obtained during the examination, where the amount of such transfers exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency, to the FIU, within the specified period, and ii. maintain the complete list of designated persons, groups and entities as listed under the United Nations Regulation No. 1 of 2012 pursuant to the United Nations Security Council Resolution (UNSCR) 1373, published in Gazette Extraordinary No. 2424/51 dated 20.02.2025. Although the above gap occurred due to delays in updating the designated lists within the screening tool, instances of business relationships with designated individuals or entities maintained by the Bank were not revealed during the on-site examination. Above failures were identified during a risk-based onsite examination.
LOLC Securities Limited	**Date of Imposition** : 26.11.2025 **Amount** : LKR 1,000,000.00 (One Million Rupees) **Date of Payment** : 17.12.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to report twelve (12) EFT transactions of the sample obtained during the examination, where the amount of such transfers exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency, to the FIU, within the specified period. This was identified during a risk-based onsite examination.
Janashakthi Finance PLC	**Date of Imposition** : 03.12.2025 **Amount** : LKR 1,000,000.00 (One Million Rupees) **Date of Payment** : 10.12.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to effectively verify that any prospective customer does not appear on any designated list issued under UNSCRs in compliance with the United Nations Act, No. 45 of 1968 before entering into any new business relationship with the Company as at the examination date. Even

	though the Company has a mechanism to verify their customers against the lists of designated persons and entities, delays have been observed in verifying some of their prospective customers at the time of entering into new business relationships. Although the above gap in the system and the procedure was observed, instances of business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination. Above failure was identified during a risk-based onsite examination.
Citizens Development Business Finance PLC	**Date of Imposition** : 30.12.2025 **Amount** : LKR 3,000,000.00 (Three Million Rupees) **Date of Payment** : 19.01.2026 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to, i. effectively verify that any prospective customer does not appear on any designated list issued under UNSCRs in compliance with the Regulations issued under the United Nations Act, No. 45 of 1968 before entering into any new business relationship with the Company, and ii. effectively screen the existing customer database to ensure that no business relationship is held with any of the individuals or entities designated under the lists of designated persons, groups and entities when lists get updated and in a frequent manner. Due to the above gaps in systems and procedures, instances were revealed during the on-site examination where the Company had established and maintained business relationships with three (3) individuals designated under United Nations Regulations No. 1 of 2012 (UNSCR 1373). Hence, the Company had further failed to, iii. freeze all funds, other financial assets and economic resources held by the designated persons, and iv. immediately, not later than 24 hours from the time of finding out such customer as a designated person, inform the FIU of the full particulars of the funds, other financial assets and economic resources, held by such customer on their books with a copy of such communication to the Competent Authority. Above failures were identified during a spot onsite examination.
Indian Overseas Bank	**Date of Imposition** : 05.01.2026 **Amount** : LKR 1,000,000.00 (One Million Rupees)

	Date of Payment : 21.01.2026 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Bank had failed to, i. report thirteen (13) transactions of the sample obtained during the examination, where the amount of such transactions exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency, to the FIU, within the specified period, ii. verify all customers against designated lists issued under the regulations made in terms of the United Nations Act, No. 45 of 1968, when processing wire transfers, iii. maintain updated complete list of designated persons, groups and entities as listed under the United Nations Regulation No. 1 of 2012 (UNSCR 1373) and the United Nations Regulations No. 2 of 2012 (UNSCR 1267) published as of the examination date, and iv. update the screening system immediately on receipt of the notification from the FIU to update the list of designated individuals/entities. Although the above gaps in the system and the procedure were observed, instances of business relationships with designated individuals or entities maintained by the Bank were not revealed during the on-site examination. Above failures were identified during a risk-based onsite examination.
Sanasa Life Insurance Company PLC	**Date of Imposition** : 05.01.2026 **Amount** : LKR 2,000,000.00 (Two Million Rupees) **Date of Payment** : 26.01.2026 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to, i. report nine (09) cash transactions of the sample obtained during the examination, where the amount of such transactions exceeded Rupees One Million (Rs. 1,000,000) or its equivalent in any foreign currency, to the FIU, within the specified period, ii. maintain complete lists of designated persons, groups and entities issued under United Nations Regulations No. 01 of 2012 (UNSCR 1373), United Nations Regulations No. 2 of 2012 (UNSCR 1267) and United Nations (Sanctions in Relation to Democratic People's republic of Korea) Regulations of 2017 (UNSCR 1718), iii. update the screening system immediately on receipt of the notification from

	the FIU to update the list of designated persons, groups and entities under UNSCR 1373 issued on February 25, 2025 by the Extraordinary Gazette No. 2424/51, iv. verify any customer, prospective customer or beneficiary against the lists of designated persons, groups and entities issued under the United Nations Regulations No. 1 of 2012, the United Nations Regulations No. 2 of 2012 and the United Nations (Sanctions in relation to Democratic People's Republic Korea) Regulations of 2017, when providing group insurance policies, and v. obtain the requisite senior management approval prior to establishing the business relationship with the only Politically Exposed Person (PEP) identified among the Company's customers. Although the above gaps in the system and the procedure were observed, instances of business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination. Above failures were identified during a risk-based onsite examination.
Designated Non-Financial Businesses and Professions	
Colombo Jewellery Stores (Pvt) Ltd	**Date of Imposition** : 11.10.2025 **Amount** : LKR 500,000.00 (Five Hundred Thousand Rupees) **Date of Payment** : 07.11.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to conduct Money Laundering and Terrorist Financing (ML/TF) risk assessment for the Company, as at the examination date. This was identified during a risk-based onsite examination.
Zay's (Pvt) Ltd	**Date of Imposition** : 19.11.2025 **Amount** : LKR 100,000.00 (One Hundred Thousand Rupees) **Date of Payment** : 16.12.2025 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to verify the customers or beneficiaries against any designated list issued under UNSCRs in compliance with the United Nations Act, No. 45 of 1968, with respect to any designated list on targeted financial sanctions related to terrorism and terrorist financing and proliferation of weapons of mass destruction and its financing. Although the above gap in the system and the procedure was observed, instances of

	business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination. Above failure was identified during a risk-based onsite examination.
Swarnamahal Jewellers Ltd.	**Date of Imposition** : 17.02.2026 **Amount** : LKR 2,000,000.00 (Two Million Rupees) **Date of Payment** : 10.03.2026 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to, i. obtain information on the customers and the beneficial owners for the purpose of conducting required Customer Due Diligence (CDD) measures and verify the identity of the customers and the beneficial owners, ii. maintain and retain records of identification documents of the customers and beneficial owners, iii. conduct ML/TF risk assessment for the Company, as at the examination date, and iv. verify the customers at the time of establishing business relationships, against any designated list of individuals, entities or groups in compliance with the United Nations Act, No. 45 of 1968, pertaining to targeted financial sanctions related to terrorism and terrorist financing and proliferation of weapons of mass destruction and its financing, as at the examination date. Although the above gaps in the system and the procedure were observed, instances of business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination. Above failures were identified during a risk-based onsite examination.
Harbour Village (Pvt) Ltd.	**Date of Imposition** : 18.03.2026 **Amount** : LKR 1.000,000.00 (One Million Rupees) **Date of Payment** : 09.04.2026 **Reasons for the imposition of the penalty:** The administrative penalty was imposed as the Company had failed to, i. verify the customers at the time of establishing the business relationships or continuing the business relationships, against any designated list of designated persons, groups and entities in compliance with the United Nations Act, No. 45 of 1968, pertaining to targeted financial sanctions related to terrorism and terrorist financing and proliferation of weapons of

	mass destruction and its financing, as at the examination date, and ii. implement a mechanism to verify the customers who have established business relationships when designated lists are updated from time to time, as at the examination date. Although the above gaps in the system and the procedure were observed, instances of business relationships with designated individuals or entities maintained by the Company were not revealed during the on-site examination. Above failures were identified during an onsite follow-up examination.