

RESTRICTED

ABSTRACT

Assessing the degree of money laundering is an important concern, when drafting anti-money laundering legislations and upgrading anti-money laundering techniques. The advancement of information technology has been used by money launderers to launder their proceeds of crime reliably and anonymously within a short period of time. Further, it is revealed that, channels of money laundering have also been used by terrorist organizations to execute terrorist activities. The importance to curb the offences of money laundering and terrorist financing was highlighted soon after the mass destruction of 9/11 attacks, in the USA. Therefore, the time has come to review the concept of money laundering. The degree of money laundering differs from country to country. This study is focused on money laundering and its impact to Sri Lanka. It is addressed through an empirical analysis of the question of 'what is the impact of money laundering in Sri Lanka?'. This question is addressed by analyzing qualitative data. A questionnaire was distributed among officers, who are engaged in detecting money laundering and terrorist financing investigations. In this research study, the predicate offences which generate illegal money, the process of money laundering and its impact to the society at large was discussed. Further, this research study evaluates the existing legal framework to identify the gaps in the present legal framework to mitigate the offences of money laundering and terrorist financing. The findings indicate that drug trafficking generates most of the illegal money and the banking sector is more vulnerable to sanitize illegal money in Sri Lanka. Further, most of the money generated through illegal activities will be laundered within Sri Lanka. It was revealed that, there is a co-relation between money laundering and terrorist financing.

Key words: Money Laundering, Terrorist Financing, Suspicious Transaction Reports, Drug Trafficking, Illegal Money, Anti-Money Laundering and Countering Financing of Terrorism Legislature