



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

27 October, 2016

MICROFINANCE ACT DIRECTIONS

NO. 03 OF 2016

DEPOSITS

Issued under Section 11 of the Microfinance Act, No. 6 of 2016.

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| 1. Restrictions on accepting time and savings deposits | 1.1 Every Licensed Microfinance Company (LMFC) shall not:

i) accept or renew any time deposit repayable after a period of less than Three (03) months from the date of receipt or renewal of such deposit or more than Thirty Six (36) months from the date of receipt or renewal of such deposit.

ii) accept any deposit if the core capital of such company is below the minimum required level as specified by the Monetary Board from time to time.

iii) accept any deposit from minors. For this purpose “a minor” means a person who has not attained the legal age of majority within the meaning of the Age of Majority Ordinance (Chapter 66) and any amendments thereto. |
| 2. Maximum amount of deposit | 2.1 Every LMFC shall not accept or renew deposits that the aggregate value of which is more than Rupees Three Hundred Thousand (Rs. 300,000/-) from a depositor held individually or jointly.

2.2. The total deposits of a LMFC shall not be more than Fifty percent (50%) of total unimpaired loans and advances of such company. |
| 3. Prohibitions of incentive schemes | 3.1. No LMFC shall introduce any incentive scheme for soliciting deposits. For the purpose of this direction “Incentive Scheme” means an arrangement to confer a monetary or material benefit on the depositors other than by way of interest. |
| 4. Dormant Account Policy | 4.1. Every LMFC shall establish a policy for dormant accounts, which includes; |

- i. Identification period of dormant account
- ii. Segregation of dormant accounts from active accounts
- iii. Reactivation under dual control.

Indrajit Coomaraswamy
Chairman of the Monetary Board
Governor of the Central Bank of Sri Lanka