

Payments Bulletin

First Quarter 2015



Payments and Settlements Department
Central Bank of Sri Lanka

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The Central Bank of Sri Lanka (CBSL) has the sole authority to issue notes and coins on behalf of the Government of Sri Lanka. At the end of the first quarter of 2015, notes and coins in circulation amounted to Rs. 456 billion. Cash continued to persist as the most popular payment mode in retail payments in Sri Lanka.

Table: 1

Monetary Aggregates

Description	Rs. million			Percentage Change	
	2014	Q1 2014	Q1 2015 (a)	Q1 14/13	Q1 15/14 (a)
1. Currency in Circulation	416,895	370,649	455,811	11.55	22.98
of which held by:					
1.1 Banks	87,469	88,975	108,147	27.65	21.55
1.2 Public	329,426	281,674	347,664	7.28	23.43
2. Demand Deposits	832,129	828,061	783,212	-1.45	-5.42
of which held by:					
2.1 Government (b)	34,745	24,423	29,387	-2.77	20.33
2.2 Banks (c)	514,655	573,902	466,740	-6.26	-18.67
2.3 Public	282,729	229,736	287,085	13.25	24.96
3. Narrow Money Supply (M1) (1.2 + 2.3)	612,155	511,410	634,748	12.05	24.12
4. Time and Savings Deposits held by Public	2,848,402	2,654,400	2,920,304	16.22	10.02
5. Broad Money Supply (M2) (3+4)	3,460,558	3,165,810	3,555,052	15.14	12.30

Source: Central Bank of Sri Lanka

(a) Provisional

(b) Government demand deposits with commercial banks and the Central Bank of Sri Lanka

(c) Inter-bank deposits of both local and foreign banks including deposits of international organizations and commercial banks with the Central Bank of Sri Lanka.

Table 2

Relative Sizes of Monetary Aggregates

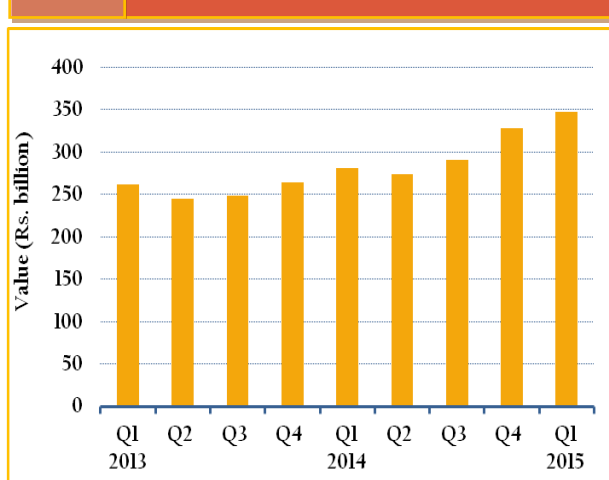
Description	2014	Q1 2014	Q1 2015 (a)
Share of Currency (%) held by			
Banks	21.0	24.0	23.7
Public	79.0	76.0	76.3
As a % of Broad Money Supply			
Currency held by Public	9.5	8.9	9.8
Demand Deposits held by Public	8.2	7.3	8.1
Time and Savings Deposits held by Public	82.3	83.8	82.1

Source: Central Bank of Sri Lanka

(a) Provisional

Chart 1

Currency held by Public



- Non-cash payments are facilitated through both the large value payment system and retail payment systems in Sri Lanka.

Large Value Payment System

Real Time Gross Settlement (RTGS) System

Retail Payment Systems and Instruments

Cheques

Sri Lanka Interbank Payment (SLIP) System

Payment Cards

Mobile Phone based Payment Mechanisms

Internet based Payment Mechanisms

Tele Banking

Postal Instruments

Chart 2

Large Value Payments vs Retail Payments

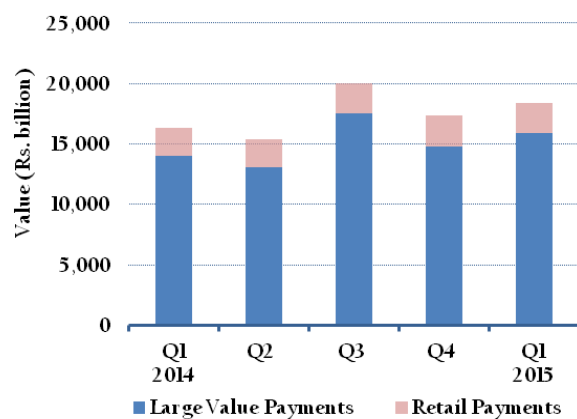
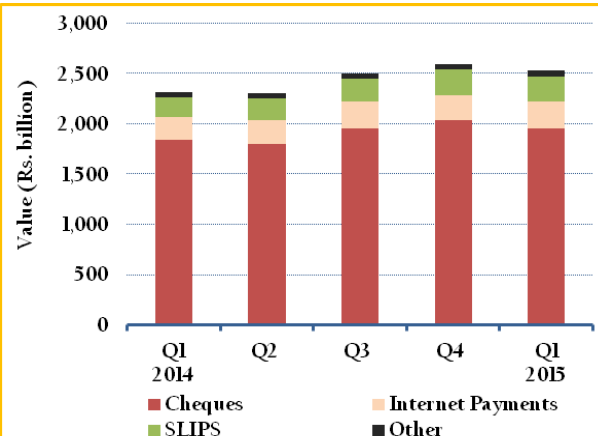


Chart 3

Retail Payments



- RTGS System and Cheque Imaging and Truncation System (CITS) are the two systemically important payment systems in the country.
- About 97 per cent of the total value of non-cash payments of the first quarter of 2015 was effected through RTGS and CITS.
- Cheques is the most popular non-cash retail payment instrument in Sri Lanka which accounted for more than 77 percent of the value of non-cash retail payments in the first quarter of 2015.

2.1 Real Time Gross Settlement (RTGS) System

- RTGS System, the large value inter-participant fund transfer system in Sri Lanka is owned and operated by the Central Bank of Sri Lanka.
- The RTGS System is open for business on bank business days and settles payment instructions between 8.00 a.m. and 4.30 p.m.
- RTGS System provides settlement facilities for customer payments from 8.00 a.m. to 3.00 p.m.
- As at end of the first quarter of 2015, there were 36 participants in the RTGS System, i.e. CBSL, 25 Licensed Commercial Banks, 8 Primary Dealers, Employees' Provident Fund and the Central Depository System of the Colombo Stock Exchange.
- CBSL charges Rs. 600/= for a RTGS transaction from a participant.

Table: 3

Volume and Value of RTGS Transactions

Description	Volume				Value (Rs. billion)			
	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14
1 Total Transactions	317,940	76,249	72,496	-4.9	59,551	14,034	15,905	13.3
2 Average Transactions per day	1,314	1,292	1,272	-1.6	246.1	237.9	279.0	17.3

Transactions by Type

1 Repo/R.Repo	51,439	12,850	10,365	-19.3	20,289	5,837	4,130	-29.2
2 Intra Day Liquidity Facility -ILF	26,542	5,897	5,333	-9.6	10,288	2,411	2,301	-4.6
3 Standing Depository Facility - SDF	6,890	1,078	2,095	94.3	8,675	1,078	4,437	311.6
4 Interbank Transactions	43,976	10,514	9,306	-11.5	10,455	2,306	2,582	12.0
5 Customer Transactions	155,716	38,035	37,155	-2.3	5,361	1,321	1,329	0.6
6 LankaSecure Transactions	3,965	926	1,027	10.9	2,132	535	537	0.4
7 Clearing House Transactions	29,410	6,948	7,214	3.8	2,350	546	588	7.8
8 Internal Fund Transfers	2	1	1	--	0.1	0.1	neg	--

Transactions by Size

				Percentage Share Q1 2015				Percentage Share Q1 2015
1 Below Rs. 1 mn	45,413	10,248	11,086	15.3	11.1	3	3	--
2 Rs. 1 mn – Rs. 100 mn	185,778	45,901	42,497	58.6	4,728.5	1,115	1,069	6.7
3 Rs. 100 mn – Rs. 500 mn	61,750	14,756	12,605	17.4	15,350.7	3,711	3,199	20.1
4 Rs. 500 mn – Rs. 1,000 mn	14,523	2,928	3,309	4.6	10,958.1	2,278	2,475	15.6
5 Rs. 1,000 mn and above	10,476	2,416	2,999	4.1	28,502.6	6,927	9,159	57.6

Source: Central Bank of Sri Lanka

Chart 4 Total Volume and Total Value of RTGS Transactions

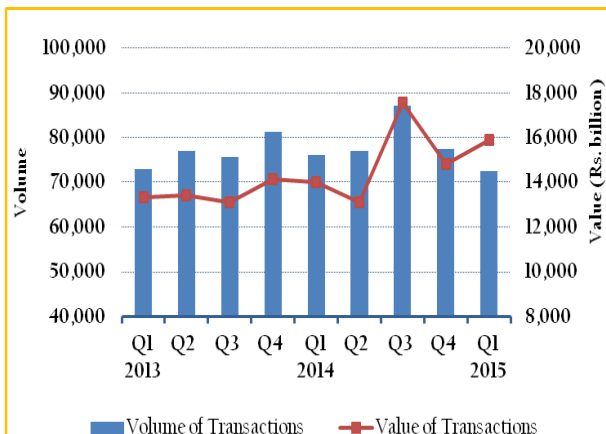


Chart 5 RTGS Transactions by Type of Participants Q1 2015

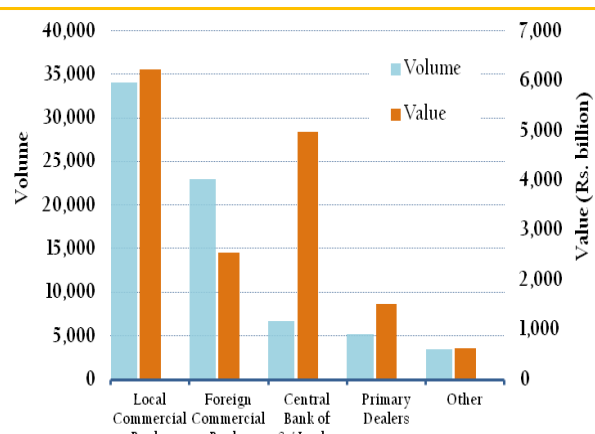


Chart 6 RTGS Transactions by Type of Participants Q1 2015 – in Volume Terms

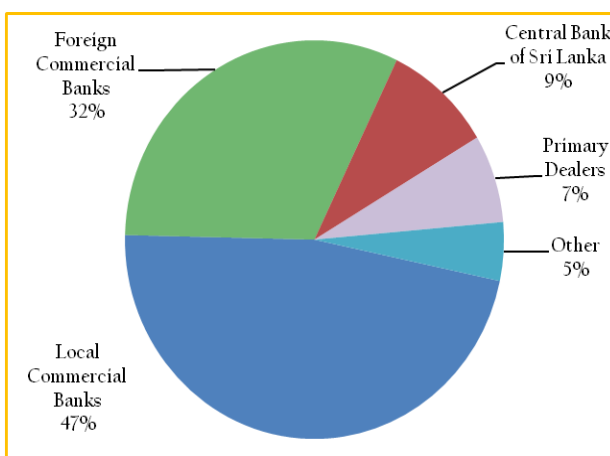


Chart 7 RTGS Transactions by Type of Participants Q1 2015 – in Value Terms

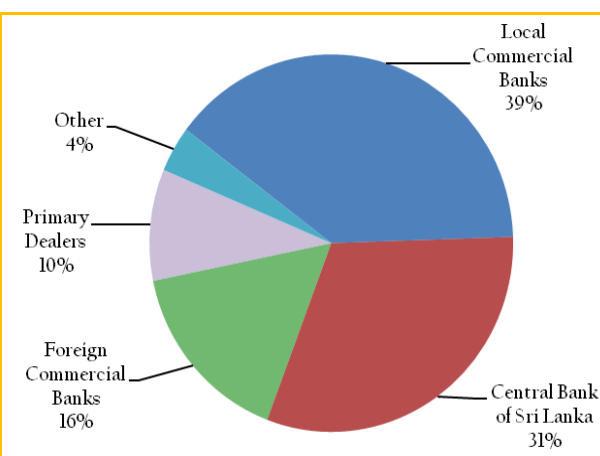


Chart 8 Average Volume of RTGS Transactions per day

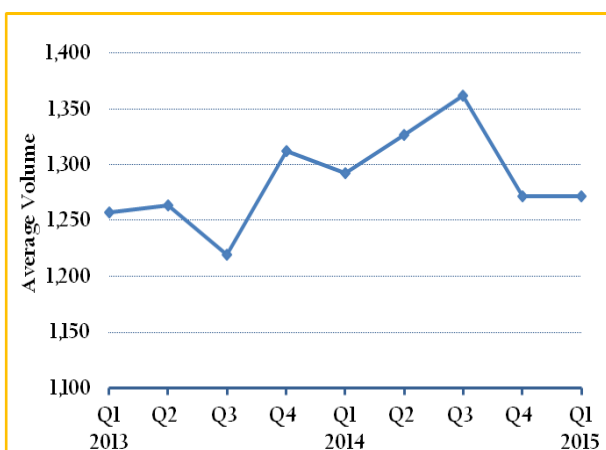


Chart 9 Average Value of RTGS Transactions per day

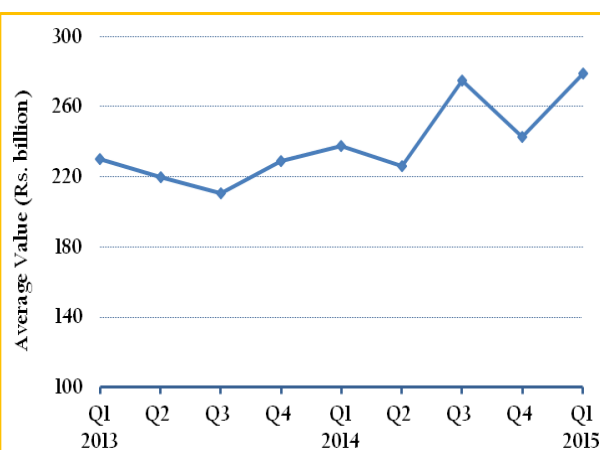


Chart 10

Composition of RTGS Transactions by Size Q1 2015 – in Volume Terms

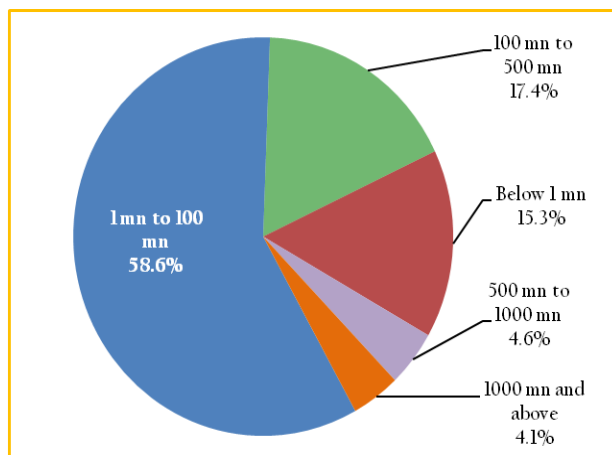


Chart 11

Composition of RTGS Transactions by Size Q1 2015 – in Value Terms

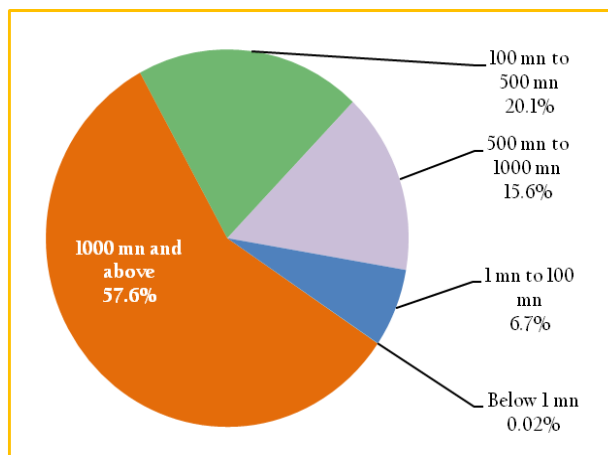


Table: 4

Time Distribution of RTGS Transactions

Description	Volume				Value (Rs. billion)			
	2014	Q1 2014	Q1 2015	Percentage Share Q1 2015	2014	Q1 2014	Q1 2015	Percentage Share Q1 2015
Before 12.00 noon	106,054	23,842	25,826	35.6	30,338	6,947	8,249	51.9
After 12.00 noon	211,886	52,407	46,670	64.4	29,213	7,087	7,655	48.1

Source : Central Bank of Sri Lanka

Chart 12

Time Distribution of RTGS Transactions – in Volume Terms

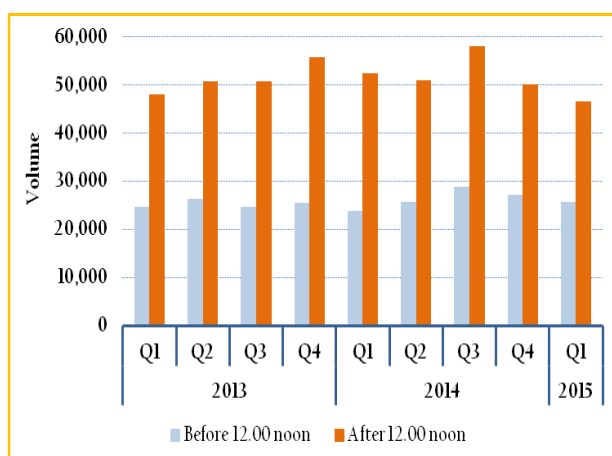
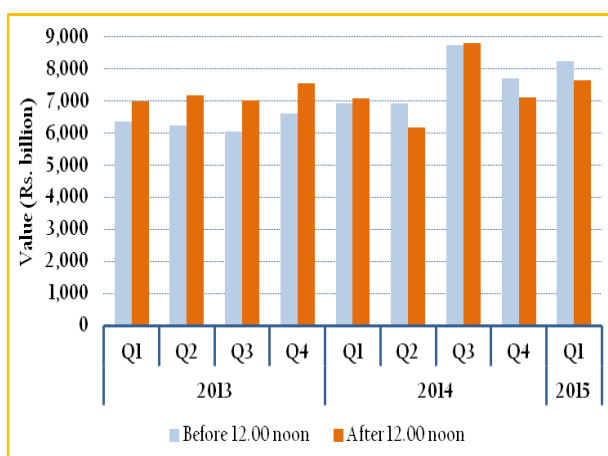


Chart 13

Time Distribution of RTGS Transactions – in Value Terms



2.2 Cheques

LKR Cheque Clearing

- At present, all LKR cheques are cleared by LankaClear (Pvt) Ltd (LCPL) through Cheque Imaging and Truncation (CIT) System.
- CIT System commenced operations on 11 May 2006 with the aim of reducing the time taken for clearing and settlement of cheques, by avoiding physical delivery of cheques and enhancing efficiency of the system.
- With the introduction of the CIT system cheque realization time was reduced to T+1, where T is the day on which LCPL receives the cheque for clearing and 1 is the following business day.
- The General Direction No. 01 of 2006 on Cheque Imaging and Truncation System was issued to stream line the operations of the CIT System.
- The General Direction No. 03 of 2013 on Service Norms and Standard Times for Accepting Cheque Deposits and Crediting Cheque Proceeds was issued replacing the General Direction No. 01 of 2007 on the Participating Institutions' Service Norms and Standard Times for Accepting Cheque Deposits from Customers and Crediting Cheque Proceeds to Customers' Accounts.
- As per the General Direction No.03 of 2013;
 - The island-wide minimum cut-off time for accepting cheques for T+1 clearing by participating institutions is 3.00 p.m. and proceeds of cleared cheques should be credited to respective customers' accounts by 2.30 p.m. on the following day.
- LCPL charges Rs. 2.50 per cheque from the presenting bank for clearing.

Table: 05

Cheque Clearing

Description	Volume ('000)				Value (Rs. billion)			
	2014	Q1 2014	Q1 2015	Percentage Change 15/14 Q1	2014	Q1 2014	Q1 2015	Percentage Change 15/14 Q1
Total Cheques Cleared	48,052	12,032	12,001	-0.3	7,640	1,842	1,954	6.0
Cheque Clearing by Size								
1 Below Rs. 0.1 mn	38,867.6	9,775.7	9,573.8	-2.1	931.2	234.4	238.6	1.8
2 Rs. 0.1mn - Rs. 1mn	7,980.6	1,964.3	2,135.5	8.7	2,193.1	539.6	597.6	10.7
3 Rs.1 mn - Rs.11mn	1,150.4	279.5	277.7	-0.7	2,621.5	632.4	659.5	4.3
4 Rs.11 mn - Rs.51mn	45.4	10.7	11.8	10.7	972.4	226.9	249.8	10.1
5 Rs.51mn - Rs.100mn	6.2	1.4	1.4	2.2	468.1	102.7	104.4	1.6
6 Above Rs. 100 mn.	1.5	0.3	0.3	-6.7	454.2	106.4	103.9	-2.3

Source: LankaClear (Pvt) Ltd



- The majority of cheques cleared (nearly 95 per cent) was with a value less than Rs. 1 million reflecting the popularity of cheques as a means for low value payments. This may be mainly due to the lower cost and recent improvements in the time taken for cheque clearing.

Table: 6		Cheque Returns						
Description	Volume ('000)				Value (Rs. billion)			
	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14
Total Cheques Returned	1,944	523	411	-21.5	202	52	50	-4.7

Source : LankaClear (Pvt) Ltd

Table 7		Cheque Returns			Table 8		Return Code-wise Cheque Returns (As a Percentage of Total Volume of Cheque Returns)		
Description	2014	Q1 2014	Q1 2015		Return Code	2014	Q1 2014	Q1 2015	
Volume of Cheques Returned (as a % of total volume of cheques received for clearing)	4.0	4.3	3.4		Refer to Drawer	46.4	46.6	44.8	
Value of Cheques Returned (as a % of total value of cheques received for clearing)	2.6	2.8	2.5		Payment Stopped by Drawer	21.6	21.2	21.7	
Average Volume of Cheques Returned per day	8,032	8,870	7,209		Account Closed	16.4	17.1	15.1	
Average Value of Cheques Returned per day (Rs.million)	833	883	872		Effects not Realized	2.5	2.6	2.5	
					Payment postponed pending drawer's confirmation	0.8	0.7	0.8	
					Other	12.3	11.9	15.0	

Source : LankaClear (Pvt) Ltd

Source : LankaClear (Pvt) Ltd

- Total volume and value of returned cheques continued its declining trend during the first quarter of 2015. This decline may be a result of the measures adopted by commercial banks on the instructions of CBSL to reduce the cheque returns.

Chart 16 Average Volume of Cheques Returned per day

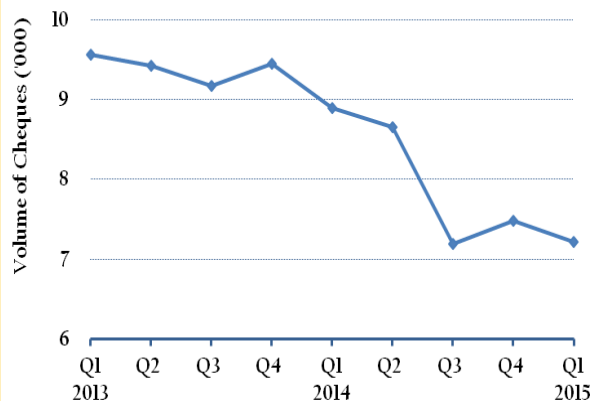


Chart 17 Average Value of Cheques Returned per day

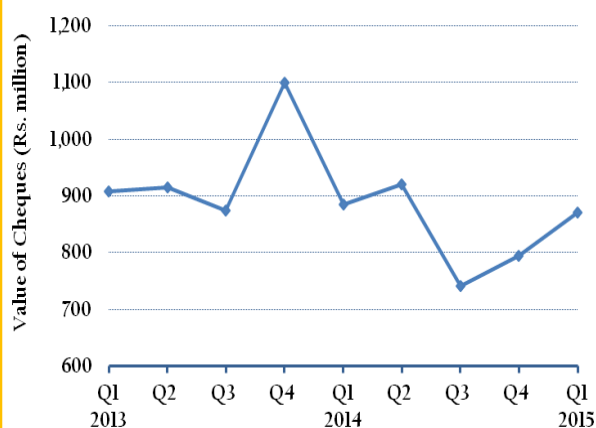


Chart 18 Total Volume of Cheque Returns as a Percentage of Total Volume of Cheques Received for Clearing

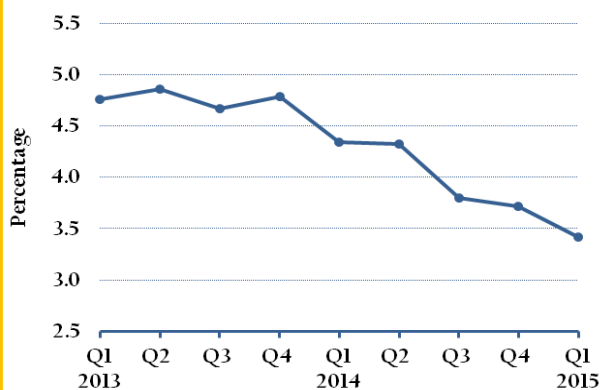


Chart 19 Total Value of Cheque Returns as a Percentage of Total Value of Cheques Received for Clearing

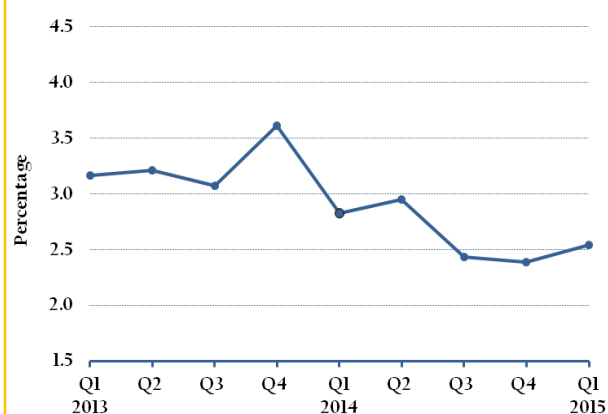


Chart 20 Cheque Returns by Return Code As a Percentage of Total Cheque Returns

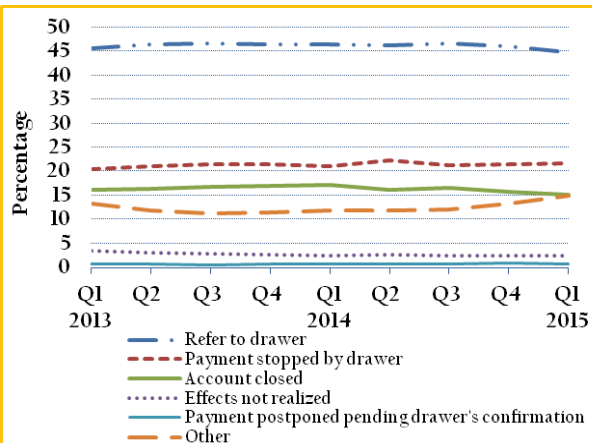
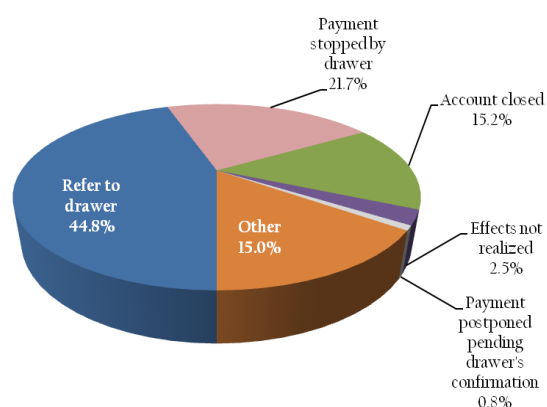


Chart 21 Composition of Cheque Returns Q1 2015 by Return Code



US Dollar Cheque Clearing

- US Dollar Cheque Clearing System operated by LCPL was introduced on 1 October 2002.
- The system clears ;
 - US Dollar cheques/drafts issued by commercial banks in Sri Lanka payable to Sri Lankan individuals and institutions.
 - US Dollar cheques issued by Banks or Exchange Houses abroad drawn on commercial banks in Sri Lanka.
- 21 Commercial Banks in Sri Lanka participate in this system and Sampath Bank PLC acts as the settlement bank.
- LCPL charges Rs. 10 per cheque/draft for clearing.

Table: 9

US Dollar Cheque Clearing

Description	Volume ('000)				Value (US Dollar million)			
	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14
Total Cheques Cleared	59.9	14.4	14.9	3.5	255.2	64.6	62.9	-2.6

Source : LankaClear (Pvt) Ltd

Chart 22

Volume of US Dollar Cheques Cleared

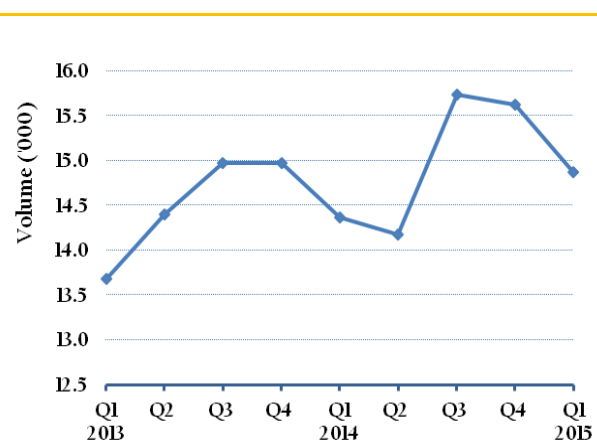
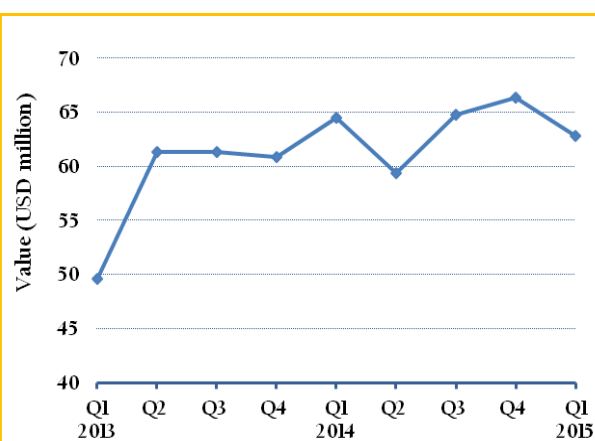


Chart 23

Value of US Dollar Cheques Cleared



2.3 Sri Lanka Interbank Payment (SLIP) System

- SLIP System is the online interbank retail payment system operated by LCPL which provides settlements on T + 0 basis on each business day.
- SLIP System has the facility of accepting payment instructions for T + n (where n=1 to 14 days).
- Customer transfers, standing orders, insurance payments and low value bulk payments such as salaries are effected through this system.
- A maximum per transaction limit of Rs 5 million was introduced in the third quarter of 2010.
- As at end of the first quarter of 2015, there were 39 participants in the SLIP System, i.e. CBSL and 25 Licensed Commercial Banks as primary members and, 5 Licensed Specialized Banks and 8 Finance Companies, as secondary members.
- LCPL charges Rs. 3.50 per transaction.

Table: 10

Transaction Volumes and Values of SLIP System

Description	Volume ('000)				Value (Rs. billion)			
	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015	Percentage Change Q1 15/14
Total Number of Transactions Cleared	20,421.5	4,791.3	5,382.7	12.3	893.5	197.3	255.8	29.7
Transactions by Size								
Less than Rs. 1 mn	20,315.4	4,769.3	5,349.2	12.2	642.5	145.6	177.7	22.0
Between Rs. 1 mn – 5 mn	106.1	22.0	33.5	52.6	251.0	51.6	78.1	51.3
Transactions by Type								
Credit transactions	20,412.1	4,789.0	5,380.4	12.3	890.6	196.6	254.9	29.6
Debit transactions	9.3	2.3	2.4	5.4	3.0	0.7	0.9	40.2

Source : LankaClear (Pvt) Ltd.

- SLIP System which accounted for nearly 10 percent of the total value of the non-cash retail payments, has been used mainly for salary payments.

Chart
24

Volume and Value of SLIP System Transactions

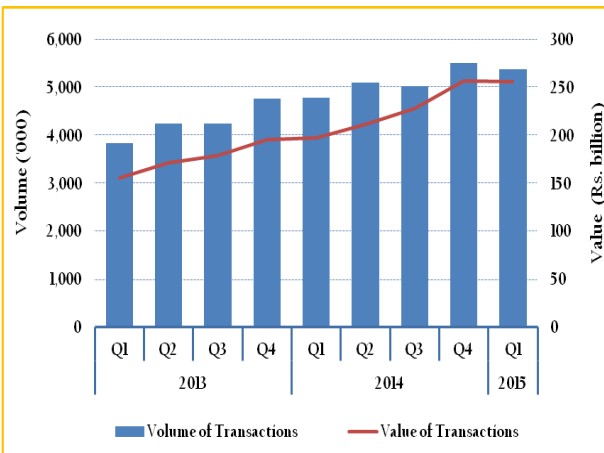


Chart
25

SLIP System Transactions by Transaction Code – Q1 2015

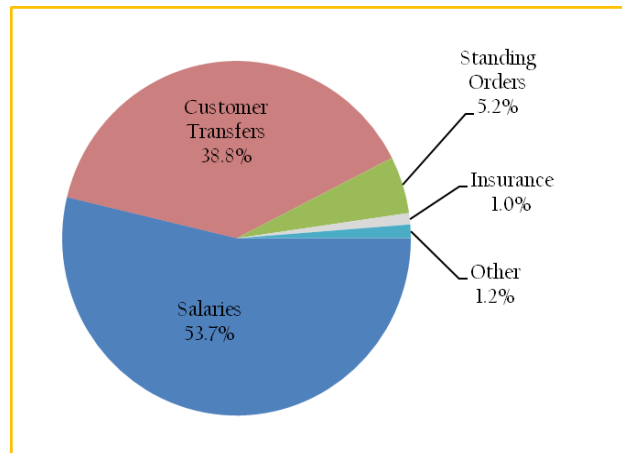


Chart
26

Average Volume of SLIP System Transactions per day

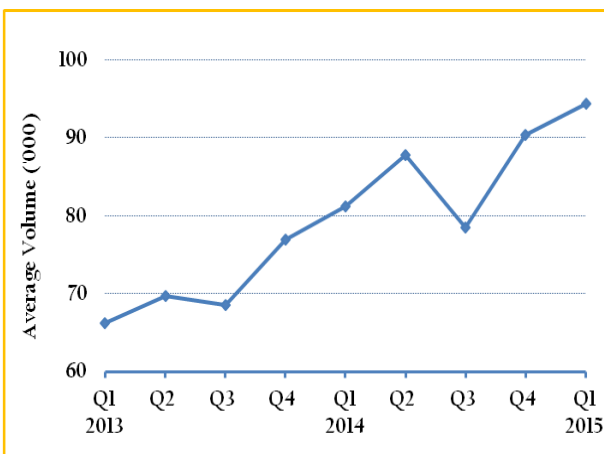
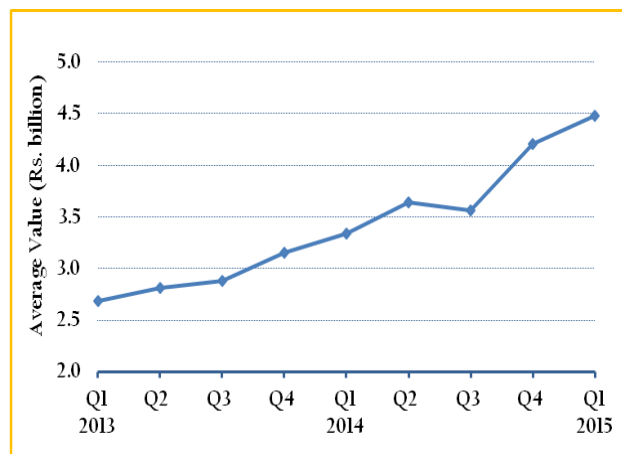


Chart
27

Average Value of SLIP System Transactions



2.4 Payment Cards and Mobile Phone Based Payment Mechanisms

- In order to regulate and supervise activities of service providers of payment cards and mobile phone based payment systems, Service Providers of Payment Card Regulations No 1 of 2009, was issued in July 2009.
- The above regulation was replaced by the Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013 (Regulations) on 07 June 2013.
- In terms of the Regulations, Issuers of Payment Cards, Financial Acquirers of Payment Cards, Operators of Customer Account based Mobile Payment Systems and Operators of Mobile Phone based e-money Systems should obtain licences from CBSL to engage in the business or function as service providers of Payment Cards and/or Mobile Payment Systems .

2.4.1 Payment Cards

- As per the Regulations, service providers of payment cards include issuers of payment cards (debit cards, credit cards, charge cards and stored value cards) and financial acquirers of payment cards.

Licensed Service Providers of Payment Cards (as at end of the first quarter 2015)

Class of Business	Number of Service Providers
Issuers of Debit Cards	29
Issuers of Credit Cards	13
Issuers of Stored Value Cards	5
Financial Acquirers of Payment Cards	8

Credit Cards

- Credit cards were introduced to Sri Lanka by Commercial Banks in 1989.
- Credit Card Operational Guidelines No. 1 of 2010 was issued to streamline the operations of the credit card business.
- At end of the first quarter 2015, 12 Commercial Banks and one Finance Company have been licensed to engage in credit card business.
- The total number of credit cards in use exceeded one million during the fourth quarter of 2014.
- A stamp duty for credit cards on usage of credit facility at present, is set at Rs. 15.00 for every Rs. 1000.00 or part thereof.
- Maximum interest rate that can be charged in the event, the credit card dues are not settled during the interest free period, is currently set at 24 percent per annum.

Table: 11

Credit Card Transactions

Description	2014	Q1 2014	Q1 2015 (a)	Percentage Change	
				Q1 14/13	Q1 15/14
1 Number of cards issued during the period	176,750	38,403	43,006	0.9	12.0
2 Total number of cards in use (as at end period)	1,032,833	961,663	1,056,589	6.7	9.9
3 Total number of transactions (million)	23.6	5.4	6.5	10.1	20.5
4 Total value of transactions (Rs. billion)	134.6	29.7	37.8	8.4	27.4

Source : Licensed Commercial Banks

(a) Provisional

Chart 28

Credit Card Transactions

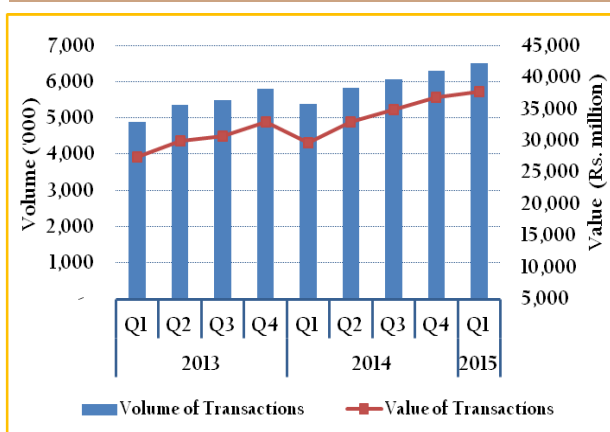


Chart 29

Number of New Credit Cards Issued and Total Number of Credit Cards in Use

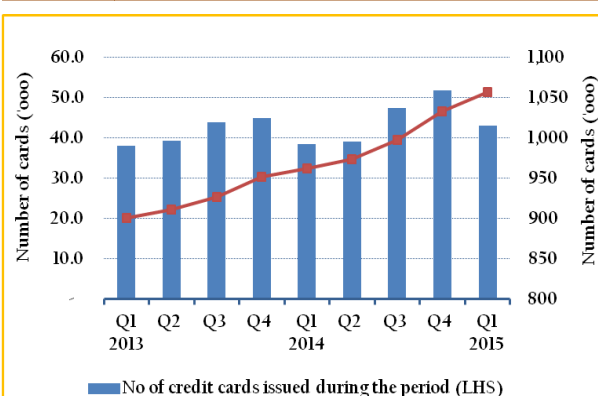


Chart 30

Average Number of Transactions per Credit Card

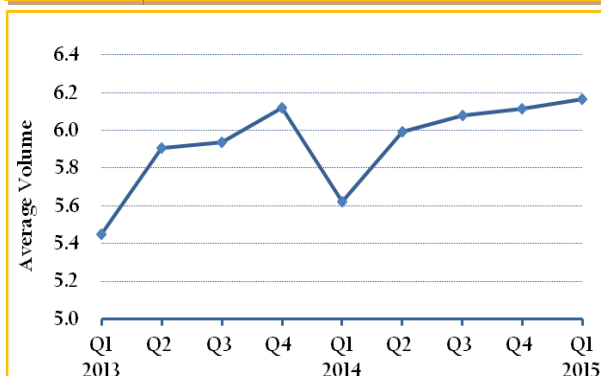


Chart 31

Average Value of Transactions per Credit Card

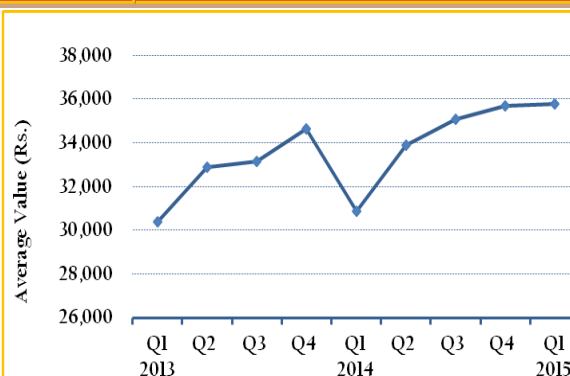


Table: 12

Credit Cards in Default

Description	Volume (end period)				Value (Rs. billion-end period)			
	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14
Defaulted Credit Cards (b)	76,142	77,623	71,553	-7.82	4.60	4.38	4.36	-0.43

Source: Credit Information Bureau of Sri Lanka

(a) Provisional

(b) When the minimum payment is in arrears for 90 days or more from the due date

Debit Cards

- Debit cards were first introduced to Sri Lanka in 1997.
- As at the end of first quarter 2015, 17 Licensed Commercial Banks , 2 Licensed Specialised Banks and, 10 Finance Companies have been licensed for issuing debit cards.

Table: 13

Debit Card Transactions

Description	2014	Q1 2014	Q1 2015 (a)	Percentage Change	
				Q1 14/13	Q1 15/14
1 Number of cards issued during the period	2,872,662	617,779	718,181	14.9	16.3
2 Total number of cards in use (as at end period)	13,591,309	12,331,621	14,055,626	12.9	14.0
3 Total number of transactions (million) (b)	22.7	4.6	6.4	33.9	39.0
4 Total value of transactions (Rs. billion)(b)	61.9	12.4	17.3	26.3	39.2

Source: Licensed Commercial Banks, Licensed Specialised Banks, Finance Companies

(a) Provisional

(b) Transactions carried out at POS terminals

Chart 32

Debit Card Transactions

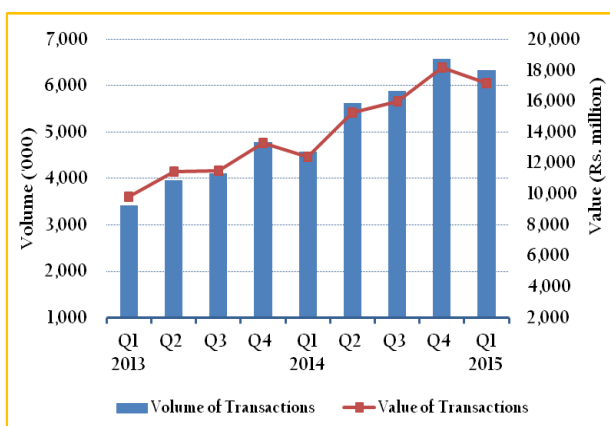


Chart 33

Number of New Debit Cards Issued and Total Number of Debit Cards in Use

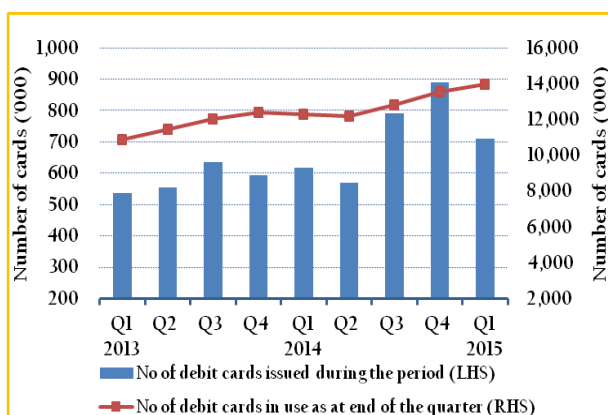


Chart 34

Average Volume of Transactions per Debit Card

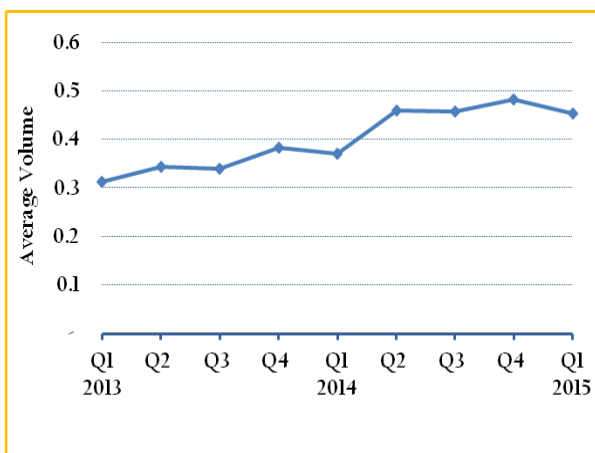
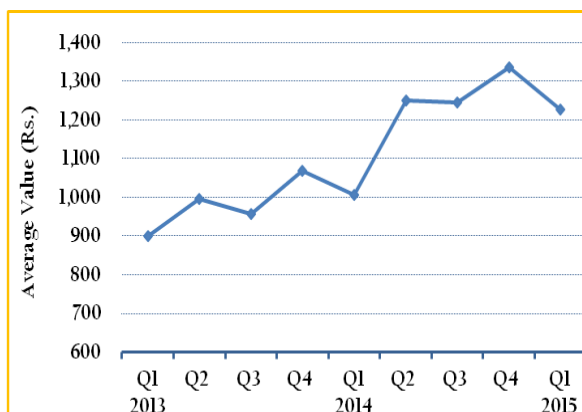


Chart 35

Average Value of Transactions per Debit Card



Payment Card Infrastructure

Automated Teller Machines

- Automated Teller Machines (ATMs) were introduced to Sri Lanka in 1986.
- Services provided through ATMs are cash withdrawals, balance inquiries, cheque book requisitions, fund transfers, cash and cheque deposits and utility bill payments.

Table: 14

ATM Terminals

Description	2014	Q1 2014	Q1 2015 (a)	Percent Change	
				Q1 14/13	Q1 15/14
1. Number of ATM terminals in use (as at end period)	3,341	3,144	3,397	7.5	8.0
2. Total volume of financial transactions (million)	176.1	41.7	48.0	14.8	15.2
3. Total value of financial transactions (Rs. billion)	1,337.8	308.7	384.6	17.1	24.6

Source : Licensed Commercial Banks, Licensed Specialised Banks, Finance Companies

(a) Provisional

Chart 36

Average Volume of Transactions per ATM Terminals

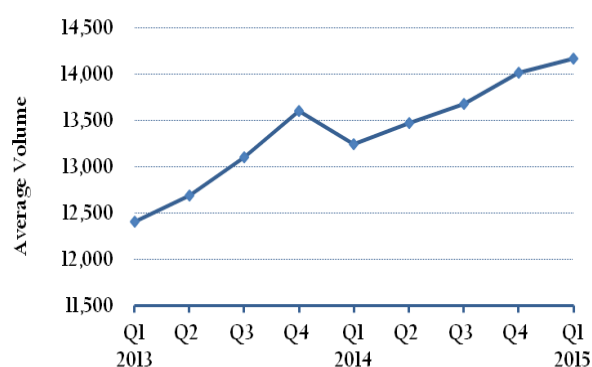


Chart 37

Average Value of Transactions per ATM Terminals

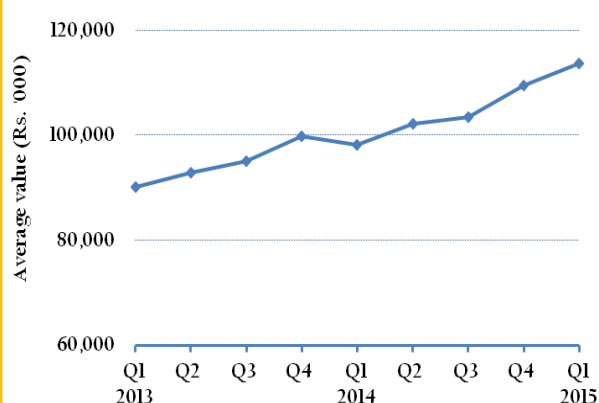


Chart 38

ATM Cash Withdrawals and Payments effected through Debit Cards and Credit Cards - in Volume Terms

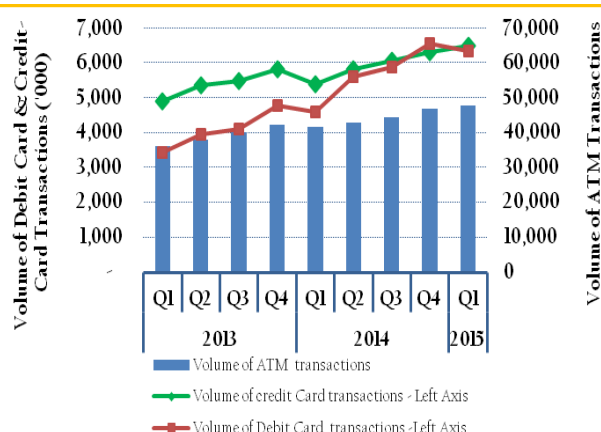
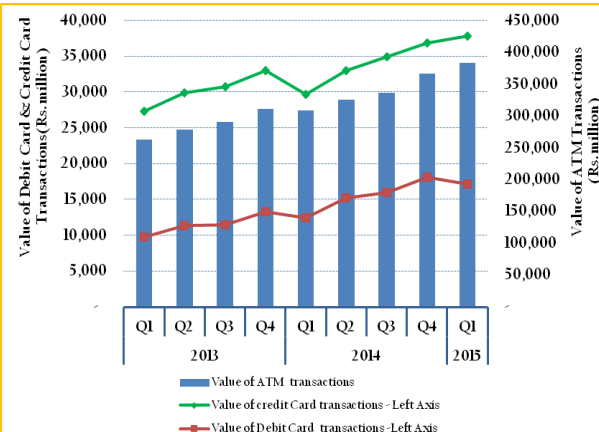


Chart 39

ATM Cash Withdrawals and Payments effected through Debit Cards and Credit Cards - in Value Terms



Point of Sale Terminals

- Point of Sale (POS) terminals were introduced to Sri Lanka in 1994.
- POS terminals allow customers to make their payments through credit, debit and stored value cards at merchants outlets.
- As at end of the first quarter of 2015, 7 Licensed Commercial Banks and one Private Company have been licensed to function as Financial Acquirers of Payment Cards.
- All Financial Acquirers of Payment Cards in Sri Lanka upgraded their POS terminals with the Terminal Line Encryption technology by 31 March 2013, adhering to the directive given by CBSL with a view to enhancing the security of payment card transactions.
- In 2014, CBSL instructed all financial acquirers to ensure their merchants do not engage in double swiping (i.e. merchants swiping payment cards in devices other than POS terminals provided by financial acquirers) with the intention of protecting card holder data from unauthorized use.

Table: 15

Payments at POS Terminals

Description	2014	Q1 2014	Q1 2015 (a)	Percentage Change	
				Q1 14/13	Q1 15/14
1 Number of POS terminals in use (as at end period)	34,904	27,982	35,788	12.2	27.9
2 Total volume of transactions during the period (million)	45.0	10.0	12.4	23.3	24.5
3 Total value of transactions during the period (Rs. billion)	230.4	55.0	65.1	20.6	18.4

Source: Licensed Commercial Banks

(a) Provisional

Chart 40

Average Volume of Transactions per POS Terminal

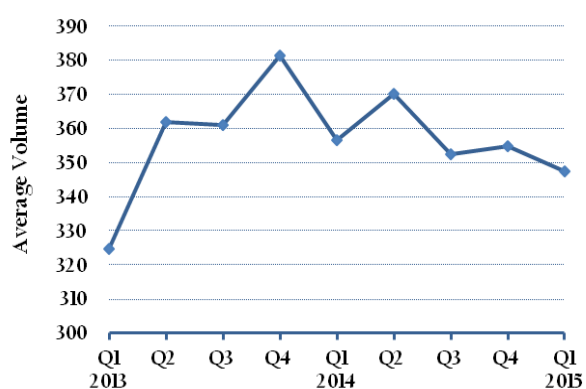
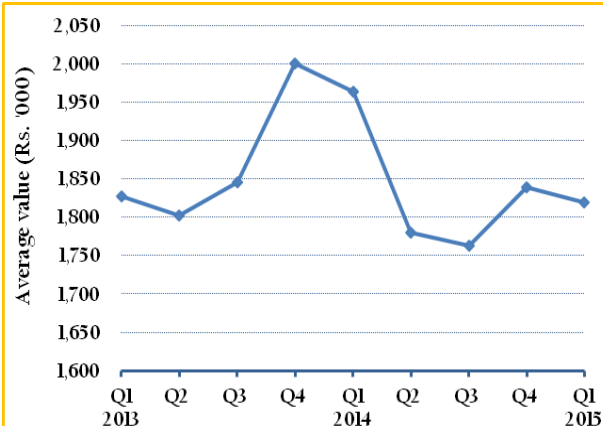


Chart 41

Average Value of Transactions per POS Terminal



2.4.2 Mobile Phone based Payment Mechanisms

- Service Providers of Mobile Payment Systems (Operators of Customer Account based Mobile Payment Systems and Operators of Mobile Phone based e-money Systems) are required to obtain licences from CBSL to function as service providers of mobile payment systems.

Licensed Service Providers of Mobile Payment Systems (as at end of the first quarter 2015)

Class of Business	Number of Licensed Service Providers
Operators of Customer Account based Mobile Payment Systems	10
Operators of Mobile Phone based e-money Systems	2

Customer Account based Mobile Payment Systems

- Customer Account based Mobile Payment Systems (Mobile Phone Banking) provide the facility to customers of licensed service providers to access their accounts through their mobile phones.
- Mobile Payments Guidelines No. 1 of 2011 was issued to streamline the mobile banking services.

Table: 16

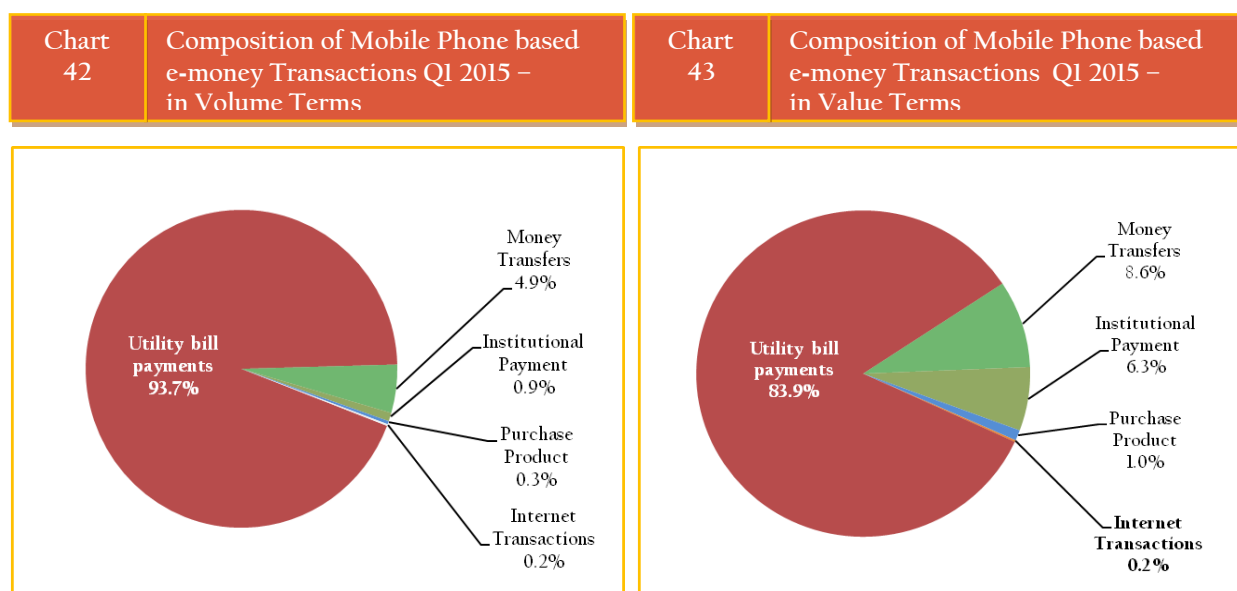
Mobile Phone Banking

Description	Volume				Value (Rs. million)			
	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14
Total Transactions	717,622	113,633	306,432	169.7	7,845	1,388	2,803	101.9

Source: Licensed Commercial Banks
(a) Provisional

Mobile Phone based e-money Systems

- Mobile phone based e-money system (MPBS) issue monetary value upon receipt of funds and store electronically for the purpose of using for payments.
- Mobile Payments Guidelines No. 2 of 2011 was issued to streamline the custodian account based mobile payment services.
- A mobile network operator obtained a licence from CBSL in June 2012 to operate the first mobile phone based e-money system, while another mobile network operator commenced operations of its mobile phone based e-money system in November 2013.



Source: Operators of Mobile Phone based e-money Systems

2.5 Internet based Payment Systems

- Internet banking which allows bank customers to access the banking services in a convenient and efficient manner through internet was introduced in Sri Lanka in 1999.
- At present, financial institutions offer facilities through Internet banking, for customers mainly to obtain account information, apply or subscribe for financial products/services, perform own account/ third party fund transfers and pay utility bills.

Table: 17		Internet based Payment Systems							
Description	Volume ('000)				Value (Rs. billion)				
	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14	
Total financial transactions	10,817.8	2,403.3	3,012.2	25.3	983.8	231.7	269.4	16.3	

Source: Licensed Commercial Banks, Licensed Specialised Banks, Finance Companies

(a) Provisional

- Reflecting the growing popularity of internet banking, volume and value of financial transactions effected through internet banking continued to increase during the first quarter of 2015.
- This growing popularity may be due mainly to customer convenience, time saving benefits and various promotional measures and awareness programmes carried out by the banks to improve the usage of internet banking.

2.6 Tele- banking

- Tele-banking customers are given access to their bank accounts by connecting via a telephone.
- Services provided through tele-banking, include the facilities to check own account balance, credit card services including checking credit card balances, the status of new credit card application, reporting of lost or stolen credit/debit card, information on banking services and products and utility bill payments.

Table: 18

Tele-banking

Description	2014	Q1 2014	Q1 2015 (a)	Percentage Change Q1 15/14
1. Total volume of financial transactions	14,151	3,389	3,432	1.3
2. Total value of financial transactions (Rs. million)	1,046	291	231	-20.6

Source: Licensed Commercial Banks, Licensed Specialised Banks, Finance Companies

(a) Provisional

2.7 Postal Instruments

- A money order is an order granted by the Post Office for the payment of a sum of money through an agency of the Post Office.
- Post offices issue money orders and postal orders to transfer funds.
- Postal and money orders are mainly used to make small value payments to individuals and institutions.
- A money order can be issued up to a maximum amount of Rs. 25,000.

Table: 19

Value of Payments made through Money Orders and Postal Orders

Description	2014	Q1 2014	Q1 2015 (a)	Percentage Change	
				Q1 14/13	Q1 15/14
1 Money Orders (Value in Rs.'000)	7,294,503	1,994,222	1,923,488	9.1	-3.5
➤ Ordinary Money Orders	1,524,063	446,941	332,005	-19.2	-25.7
➤ Telegraph Money Orders (b)	1,764	156	-	-99.3	-
➤ Fax Money Orders (b)	37	35	-	-98.9	-
➤ E-money Orders	5,600,089	1,506,497	1,562,507	25.0	3.7
2 International Money Orders (Value in Rs.'000)	10,640	3,277	3,653	83.3	11.5
3 Local Value Payment Money Orders(Value in Rs.'000)	155,103	36,600	25,275	-15.0	-30.9
4 British Postal Orders (Value in Rs.'000)	2,807	716	48	-6.3	-93.3
5 Total number of Post Offices (end period)	4,692	4,628	4,692	-2.3	1.4

Source: Postal Department

(a) Provisional

(b) This service has been terminated by the Postal Department

2.8 Common Card and Payment Switch

- Common Card and Payment Switch (CCAPS) operated by LCPL, was set up in order to establish a national platform for electronic retail payments in the country.
- CCAPS consists of five switches; Common ATM Switch (CAS), Common Electronic Fund Transfer Switch (CEFTS), Shared ATM Switch (SAS), Common POS Switch (CPS) and Common Mobile Switch (CMobs).

Common ATM switch (CAS)

- CAS the first phase of CCAPS was launched on 23 July 2013.
- General Direction No. 01 of 2013 on Operations of the Common ATM Switch was issued to impose key prudential and obligatory requirements to LCPL and members of CAS.
- As at end of the first quarter 2015, CAS consisted of nine members.
- General Direction No. 01 of 2014 on Fees Chargeable on the Transactions effected through the Common ATM Switch was issued replacing the General Direction No. 02 of 2013 on Fees Chargeable on the Transactions effected through the Common ATM Switch. Revised fees are as follows:

Description	Maximum per transaction fee	
	For cash withdrawals	For balance inquires
Fees charged from the customer by issuer	Rs. 30.00	Rs. 7.50
Interchange fee charged by financial acquirer from the card issuer	Rs. 35.00	Rs. 10.00

Table: 20

Common ATM Switch (CAS)

Description	2014	Q1 2014	Q1 2015
1 Number of ATMs connected to CAS (as at end period)	2,525	1,614	2,558
2 Total volume of financial transactions ('000)	8,580	881	4,065
3 Total value of financial transactions (Rs. million)	35,041	2,976	18,307

Source : LankaClear (Pvt) Ltd

Chart 44

Average Volume of CAS Transactions per day

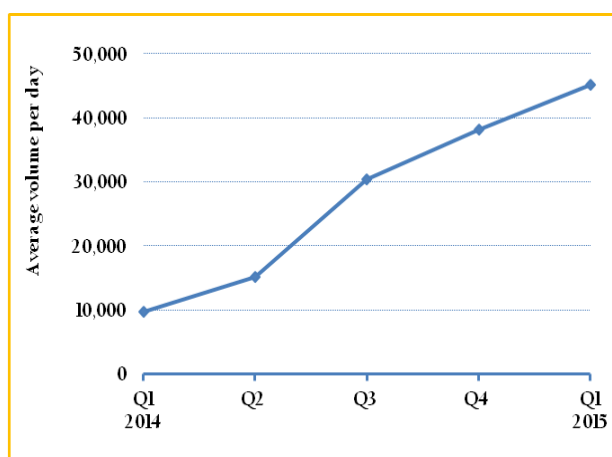
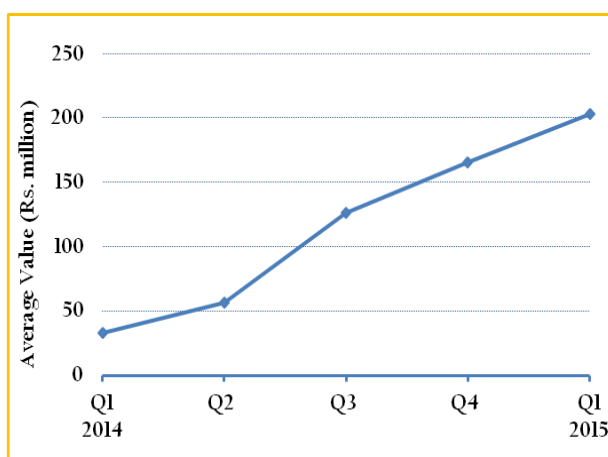


Chart 45

Average Value of CAS Transactions per day



- The Asian Clearing Union (ACU) was established in 1974 with the main objective of facilitating trade related payments among member countries.
- The headquarters of ACU, which is referred to as the ACU Secretariat, is situated in Teheran, Iran.
- The settlement mechanism of ACU involves settling intra-regional trade related payments among member central banks /monetary authorities on a multilateral basis.
- Settlement of ACU net position and accrued interest takes place bi-monthly as informed by the ACU Secretariat.
- Accounts of ACU members are maintained in Asian Monetary Units (AMUs).
- AMUs are denominated as ACU Dollar and ACU Euro which are equivalent in value to one US Dollar and one Euro, respectively.
- At present, ACU consists of 9 central banks/monetary authorities (Bangladesh, Bhutan, India, Iran, Nepal, Maldives, Myanmar, Pakistan and Sri Lanka).
- Board of Directors i.e. Governors of member Central Banks is the decision making body of the ACU and Board of Directors meets annually.

Table: 21

ACU Transactions

Description	2014	Q1 2014	Q1 2015	Percentage Change	
				Q1 14/13	Q1 15/14
1 Number of Transactions	6,222	1,401	1,627	12.3	16.1
2 Value of Total Receipts (Rs. million)	28,176	5,852	12,057	3.6	106.0
3 Value of Total Payments (Rs. million)	315,625	69,085	100,813	24.6	45.9

Source: Central Bank of Sri Lanka

Chart 46

Total Volume of ACU Transactions

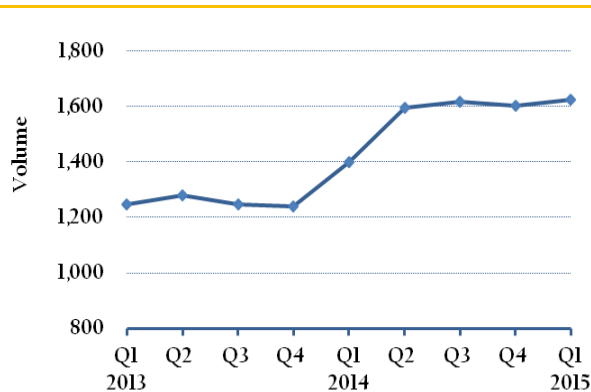
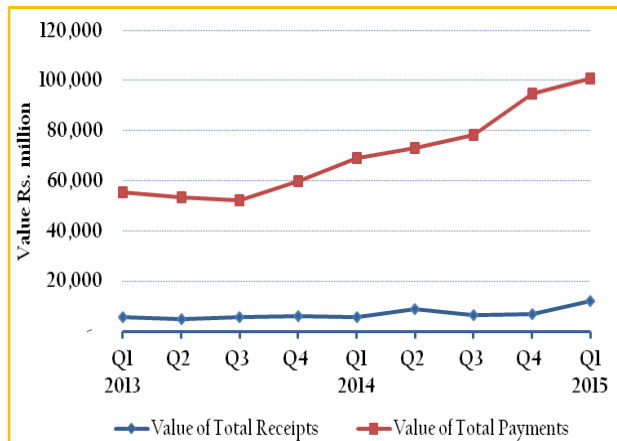


Chart 47

Value of Total Receipts and Payments through ACU



- Society of Worldwide Interbank Financial Telecommunication (SWIFT) is an internationally accepted communication system which exchange financial transaction information through standardized messages on a secured platform.
- SWIFT was launched in 1973 as a member owned cooperative. Currently all the members are considered as shareholders of the system and the share is determined according to their usage.
- SWIFT is used in more than 10,000 financial institutions over 210 countries.
- Members can connect to SWIFT via two connectivity options; Direct connectivity or through a service bureau Ltd.
- To obtain connectivity through a service bureau the Lanka Financial Services Bureau (LFSB) Ltd was established in 2007 in Sri Lanka and currently 26 institutions (CBSL, 16 Licenced Commercial Banks, 7 Primary Dealers, 1 Finance Company and Central Depository System of Colombo Stock Exchange) are obtaining services through LFSB.

Table: 22

Participation in SWIFT by Financial Institutions

Description	Domestic			Worldwide		
	2014	Q1 2014	Q1 2015	2014	Q1 2014	Q1 2015
1 SWIFT users (End of Period)	38	37	38	10,805	10,615	10,583
Members	11	11	11	2,379	2,384	2,481
Sub-members	12	12	12	3,353	3,342	3,351
Participants	15	14	15	5,073	4,889	4,751

Source: Society for Worldwide Interbank Financial Telecommunication

Table: 23

SWIFT Message Flow in Sri Lanka

Description	2014	Q1 2014	Q1 2015	Percentage Change	
				Q1 14/13	Q1 15/14
1 All messages sent by domestic users	4,331,210	1,403,821	1,021,630	5.0	-2.1
Customer fund transfers messages	642,538	157,433	169,154	9.5	7.4
Bank fund transfers messages	459,417	111,201	112,426	7.0	1.1
2 All messages received by domestic users	4,943,671	1,199,058	1,165,086	3.8	-2.8
Customer fund transfers messages	1,798,814	435,859	447,155	5.4	2.6
Bank fund transfers messages	138,854	33,856	33,078	5.9	-2.3
3 Domestic Traffic	2,041,747	492,677	441,961	-0.02	-10.3
4 Global SWIFT Traffic (million)	5,613	1,340	1,485	10.8	10.8

Source : Society for Worldwide Interbank Financial Telecommunication

Involvement of Non-Banks in Retail Payment System (RPS)

The Committee on Payments and Market Infrastructures (CPMI) of Bank for International Settlements (BIS) has published a report on “Non-banks in Retail Payments” in September 2014, based on the analytical study done by Working Group on Non-banks in Retail Payments of CPMI. The aim of the report is to highlight the increasing involvement of non-banks in Retail Payment System and its’ potential consequence for Central Banks in terms of efficiency concerns and risk management. The CPMI report covered important areas of RPS, such as dimensions of non-banks’ participation in RPS, drivers of non-bank activity in retail payments, implications of non-banks for efficiency and risk and implications for central banks.

The Working Group of CPMI, has defined non-banks as “entities involved in the provision of retail payment services whose main business is not related to taking deposits from the public and using these deposits to make loans” (CPMI, 2014). However, considering the Sri Lankan context, for the purposes of this article, non-bank financial institutions regulated by the Central Bank of Sri Lanka (CBSL) such as finance companies and also telecommunication network operators licensed by CBSL to provide RPS through mobile phones are considered as non-banks. The CPMI study considered entire activities of RPS with commonly used retail payment instruments such as credit and debit cards, credit transfers, direct debits, cheques, e-money products and remittances. Salient features of the report are reproduced.

Non-banks’ involvement in the payment channel of RPS

Stage 1: Pre-transaction; Contains initial process needed for accepting customer payments that consists of customer acquisition (for example enrolment of front-end customers), provisions of actual payment instruments, hardware software and network infrastructures such as Automated Teller Machines (ATM), Point of Sale (POS) terminals etc. and provision for technological arrangements related to customer security, for example online transaction security systems and digital signature services.

Stage 2: Authorization stage; Process related to authorization and approval of a payment. It includes services such as connectivity among networks and payment Instrument issuers, fraud and risk management services to customers and issuers of payment instrument (for example verification and other identity authentication services) and compliance services.

Stage 3: Clearing stage; Includes activities that enable the submission of claims by members of the payment system (i.e. payers and payees) and calculations and dissemination of related information to both parties to settle the transactions.

Stage 4: Settlement stage; Involves activities related to executing final payment between payers and payees and reversal of transactions where necessary.

Stage 5: Post-transaction stage; Contains work related to provision of value-added services such as generation of statements, reconciliation, dispute resolution and reporting in the stage of post settlement.

Type of services furnished by non-banks

Front-end providers: Provide an interface between end users of payment services and traditional clearing and settlement process. Providers of mobile wallets, internet payment gateway providers, credit card acquirers or payment institutions and e-money institutions are some examples of front-end providers.

Back-end providers: Provide back-end services to banks, related to several payment instruments, such as provide technological support, data base management and audit or compliance services.

Operators of retail payment infrastructure: Provide back-end clearing and settlement services, cooperating with banks and other payment service providers usually in relation to different payment instruments. For example provide network services such as Visa, MasterCard.

End-to-end providers: Payers and payees have a direct relationship with end-to-end providers, usually by maintaining an account with them (e.g. providers of certain e-money products, such as PayPal).

Drivers of non-bank activity in retail payments

Assigning provision of work to some outside third-party service provider can be identified as outsourcing. Non-bank entities have been able to gain economies of scale and scope by engaging in activities related to RPS with the specialization of providing more IT related back-end payment services (CPMI, 2014).

Further, changing consumer appetite towards speedy and convenient financial infrastructures consisted of different payment instruments, moving paper to electronic payment modes and increasing real time online payments, too have led to uplift the involvement of non-banks in RPS (CPMI, 2014).

Increased Regulatory developments of non-banks caused to enhance consumer confidence on the services provided by non-banks. Non-bank players such as Western Union and MoneyGram are operating in many countries in migrant worker remittances market under the existing regulatory framework (CPMI, 2014).

Issues for central banks

The CPMI report identifies following issues in relation to non-banks' involvement in RPS.

Concentration issues: Failure of one or a few non-banks which are providing specialized back-end services mainly due to outsourcing process may create risks in entire market. Further, this issue may not be seen directly by the regulators with the existing limitations of regulatory framework for non-banks.

Outsourcing issues: Although activities of non-banks lead to enhance efficiency of the payment system, if responsibilities between outsourcing entities and the non-banks are not clearly defined, regulatory and supervisory issues can be occurred. Moreover, cross-border outsourcing makes regulatory and supervisory functions more complicated unless the responsibilities across different jurisdictions and authorities are clearly defined. Further, if one or a few non-banks dominate the market it leads to create monopolistic power and which may cause to disrupt the market.

Operational complexity issues: Consisting more players and layers in the payment process may lead to operational, security and regulatory implications.

Consumer protection issues: Issues on privacy and security of consumer data and funds may arise as non-banks use the consumer data and ownership when they provide services. Further, end-to-end service providers may hold positive account balances for end users and if such non-banks may fail to comply with appropriate capital and liquidity requirements end users are unable to access their funds.

Level playing field issues: Regulatory bodies have to face challenges on adequacy and applicability of regulatory framework, policy direction, supervisory procedures and market self-regulations in relation to non-banks' activities in the RPS. Further, with the development of new technology, services of non-banks may widespread across cross boarders that contain different jurisdictions. Therefore, regulatory and supervisory framework needs to be established to cater to such developments as well.

Stakeholder involvement: New players may enter into the market with different products resulting high degree of fragmentation. As a result the existing industry agreements, standards and other arrangements may not be adequate to address such non-banks' involvement and it may be a challenge to authorities in formulating new regulations and standards.

Non-banks' Involvement in RPS in Sri Lanka

Central Bank of Sri Lanka has taken several measures to regulate and oversee non-bank entities. Currently, CBSL has issued license for 13 non-bank institutions to carry out operations in RPS. Although, banks are dominant in RPS in Sri Lanka, non-banks too provide wide array of financial services such as, issuers of payment cards (debit cards, credit cards and stored value cards), financial acquirers of payment cards, and operators of customer account based mobile payment system and operators of mobile phone based e-money system. Presently, 2 non-bank entities dominate the market in terms of providing mobile phone based e-money services, reflecting keen participation of non-banks in innovative products that suit the modern consumer requirements. Further, almost all non-banks who are currently operating in RPS are issuing debit cards and it would lead to reduce the usage of cash. CBSL has taken several policy measures by issuing Regulations, Directions and Guidelines, related to RPS in order to maintain financial system stability through mitigating possible risk concerns while guaranteeing safety of consumer data and funds. Accordingly, "Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013", General Direction No.1/2014 on "Operations of Common Electronic Fund Transfer Switch", General Direction No.2/2014 on "Fees Chargeable on the Transactions effected through the CAS", "Mobile Payments Guidelines No.1 and No. 2 respectively, for "Bank-led Mobile Payment Services" and Custodian Account Based Mobile Payment Services" have been issued by CBSL.

Table: 24

Key Indicators

Indicator	2010	2011	2012	2013	2014 (a)
1. Currency (held by Public) as a percentage of GDP	3.4	3.4	2.9	2.8	3.2
2. Demand Deposits (held by public) as a percentage of GDP	3.0	2.7	2.3	2.29	2.8
3. Narrow money supply as a percentage of GDP	6.4	6.1	5.2	5.1	6.0
4. Broad money supply as a percentage of GDP	28.3	30.4	29.7	31.9	33.6
5. RTGS transactions value as a percentage of GDP	745	801	495	564	579
6. RTGS Concentration ratio (Value)	66.2	63.7	54.6	54	53.5
7. Cheque usage (total Cheque Cleared) per capita	2.1	2.3	2.3	2.3	2.3
8. Cheques transaction value per capita	266,896	306,792	322,739	342,515	367,843
9. Cheque transaction value as a percentage of GDP	83.4	85.9	75.5	73.5	74.2
10. SLIPS transaction value per capita	16,556	20,866	27,055	34,135	43,017
11. SLIPS transaction value as a percentage of GDP	5.2	5.8	6.3	7.3	8.7
12. Debit card transaction value per capita	787	1,205	1,713	2,242	2,980
13. Credit card transaction value per capita	3,740	4,625	5,464	5,883	6,479
14. Internet banking transaction value per capita	13,425	15,857	25,769	37,505	47,366
15. Mobile banking transaction value per capita	188	176	178	226	378
16. Tele banking transaction value per capita	67	70	66	70	50
17. Number of POS terminals per 1,000 inhabitants	1.0	1.1	1.1	1.1	1.7
18. Number of ATM terminals per 1,000 inhabitants	0.1	0.1	0.1	0.2	0.2
19. GDP current Market prices (Rs. billion) (b)	6,414	7,219	8,732	9,592	10,292
20. Mid-Year Population ('000) (b)	20,032	20,215	20,424	20,579	20,771
(a) Provisional					
(b) Based on the revised summary indicators 2010 to 2014, Department of Census and Statistics Sri Lanka					

Acts

- 01 Monetary Law Act, No. 58 of 1949
- 02 Payment and Settlement Systems Act, No. 28 of 2005

Regulations

- 01 Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013
- 02 Money, Payment, Clearing and Settlement Service Providers Regulation No. 01 of 2007

Directions

- 01 General Direction No. 02 of 2014 - Operations of Common Electronic Fund Transfer Switch
- 02 General Direction No. 01 of 2014 - Fees Chargeable on the Transactions Effected through the Common ATM Switch
- 03 General Direction No. 03 of 2013 - Service Norms and Standard Times for Accepting Cheque Deposits and Crediting Proceeds
- 04 General Direction No. 01 of 2013 - Operations of the Common ATM Switch
- 05 General Direction No. 01 of 2011- Sri Lanka Interbank Payment System (SLIPS)
- 06 General Direction No. 01 of 2006 - Cheque Imaging and Truncation System (CITS)

Guidelines

- 01 Asian Clearing Union – Operating Instructions : PSD/ACU/01/2013
- 02 Mobile Payments Guidelines No. 2 of 2011 for Custodian Account Based Mobile Payment Services
- 03 Mobile Payments Guidelines No. 1 of 2011 for the Bank-led Mobile Payment Services
- 04 Credit Card Guidelines No: 01 of 2010
- 05 Guidelines No. 01 of 2006 on Business Continuity Planning to Licensed Commercial Banks, Primary Dealers, Central Depository System (Pvt.)Ltd. and LankaClear(Pvt.) Ltd

2005	Q1	Customer Payments in RTGS System
	Q2	Retail Payment Systems – Overview, Risks, Efficiency and Role of Central Bank
	Q3	Payment System Oversight
	Q4	Payment and Settlement Systems Act, No. 28 of 2005
2006	Q1	Guidelines on Business Continuity Planning
	Q2	Cheque Imaging and Truncation System
	Q3	Electronic Money (E-money)
	Q4	Outsourcing Payment Services
2007	Q1	General Principles for International Remittance Services
	Q2	Government Gazette Notification on Money, Payment, Clearing and Settlement Service Providers Regulation, No. 01 of 2007.
	Q3	Minimizing Cheque Returns
	Q4	SWIFT Service Bureau
2008	Q1	SAARC Payment Initiative
	Q2	National Payment Council
	Q3	An overview of the Securities Trading, Clearing and Settlement System in Sri Lanka
	Q4	Payment and Settlement risks for financial institutions
2009	Q1	Settlement System for Equity and Debt Transactions on the Colombo Stock Exchange
	Q2	Paradigm shift with SWIFT in Sri Lanka
	Q3	Service Providers of Payment Cards Regulations No. 01 of 2009
	Q4	Credit Card Operational Guideline
2010	Q1	LankaSettle System
	Q2	Asian Clearing Union (ACU)
	Q3	SLIPS moves to T+0 clearing with Multiple Settlements in the RTGS System
	Q4	Branchless Banking
2011	Q1	Mobile payments guideline in Sri Lanka
	Q2	Secured online payments
	Q3	Credit Information Bureau
	Q4	Business Continuity Planning and Resilience of Payment Systems
2012	Q1	Oversight of Payment and Settlement Systems in Sri Lanka
	Q2	Central Bank of Sri Lanka (CBSL) approves the First Mobile Phone based E-Money Scheme in Sri Lanka
	Q3	Principles for Financial Market Infrastructures (PFMI)
	Q4	Adoption of Terminal Line Encryption (TLE) Technology
2013	Q1	Risks in Payment, Clearing and Settlement Systems
	Q2	Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013
	Q3	Sri Lanka Launched a Common ATM Switch (CAS)
	Q4	Trends in Moving Towards Electronic Payment Mechanisms
2014	Q1	-
	Q2	Bank Computer Security Incident Response Team (Bank CSIRT)
	Q3	Common Electronic Fund Transfer Switch
	Q4	Chip and PIN Payment Cards

1950	August	Functions of the Colombo Clearing House were taken over by the Central Bank of Sri Lanka (CBSL).
1974	December	CBSL joined the Asian Clearing Union (ACU) – (An Intra-regional Clearing Union)
1986	June	Introduction of Automated Teller Machines (ATMs) in Sri Lanka
1988	March	Establishment of Sri Lanka Automated Clearing House (SLACH)
1989	February	Introduction of Credit Cards by commercial banks in Sri Lanka
1994	June	CBSL joined the SWIFT
	August	Introduction of Sri Lanka Interbank Payment System (SLIPS) - An off-line Electronic Fund Transfer System.
1997	March	Introduction of Debit Cards in Sri Lanka
1999	March	Introduction of Internet Banking in Sri Lanka
2002	January	Establishment of the Payments and Settlements Department of Central Bank of Sri Lanka
	February	Formation of LankaClear (Pvt) Ltd.
	April	LankaClear (Pvt) Ltd commenced clearing operations
2003	September	Real Time Gross Settlement (RTGS) System went live
2004	February	LankaSecure, the securities settlement components of LankaSettle went live
	December	Red Book – Payment Systems in Sri Lanka was published by the Bank for International Settlements (BIS)
2005	September	Payment and Settlement Systems Act No.28 of 2005 was passed in the Parliament
2006	March	CBSL issued Guidelines on Business Continuity Planning to participants of the LankaSettle System
	May	Cheque Imaging and Truncation (CIT) System was launched
	May	CBSL issued a General Direction on CIT System to LankaClear (Pvt) Ltd and participants of the CIT System
	November	Lanka Financial Services Bureau Ltd was established
	December	CBSL issued norms and standards on settlement of inter participant transactions in the LankaSettle System, to LankaSettle participants
2007	June	The Money, Payment, Clearing and Settlement Service Providers Regulations No.01 was issued by the Hon. Minister of Finance and Planning
	November	CBSL issued the General Direction on the participating institutions' service norms and standard times for accepting cheque deposit from customers and crediting cheque proceeds to customers' accounts under the CIT System
2008	February	Lanka Financial Services Bureau Ltd, which was established in June 2007, began its operations.
	March	Inauguration of the SAARC Payments Initiative and the first meeting of the SAARC Payments Council (SPC) was held in Colombo, Sri Lanka
2009	January	Option to settle the ACU transactions either in US Dollar or Euro was introduced
	May	Sri Lanka's first certification authority under the brand name of LANKASIGN was established by the LankaClear (Pvt) Ltd. to provide digital certificate for the financial sector on electronic transactions
	July	Service Providers of Payment Cards Regulations No. 1 of 2009 was issued by the Hon. Minister of Finance and Planning
	September	LankaSettle System Rules Version 2.0 was issued to participants of the LankaSettle System

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Chronology of Major Events in the Payment and Settlement Systems in Sri Lanka

2010	March	Credit Card Operational Guidelines No 01 of 2010 was issued
	August	CBSL commenced licensing of service providers of payment cards under the Regulations No. 1 of 2009
	September	SLIP System was upgraded to an on - line system with T+0 settlements facility.
2011	January	CBSL issued the General Direction on Sri Lanka Interbank Payment System No. 01 /2011 to LankaClear (Pvt) Ltd. and the participants of the SLIP System
	March	Mobile Payments Guidelines No. 1 of 2011 for the Bank-led Mobile Payment Services and Mobile Payments Guidelines No. 2 of 2011 for Custodian Account Based Mobile Payment Services were issued by CBSL
2012	June	The first Custodian Account Based Mobile Payment System was launched by a Mobile Network Operator
2013	March	Adoption of the Terminal Line Encryption (TLE) Technology for Electronic Fund Transfer Point of Sales (EFTPOS) Terminals
	May	CBSL issued the General Direction No. 01 of 2013 of the Operations of the Common ATM Switch
	June	The Payment Card and Mobile Payment Systems Regulations No. 1 of 2013 was issued by the Hon. Minister of Finance and Planning replacing the Service Providers of Payment Cards Regulations No.1 of 2009 issued in July 2009.
	July	LankaClear (Pvt) Ltd launched the Common ATM Switch (CAS) as the first phase of the Common Card and Payment Switch (CCAPS)
	July	CBSL issued the General Direction No. 02 of 2013 of the fees chargeable on the transactions effected through the CAS
2014	February	The General Direction No. 1 of 2014 – Fees Chargeable on the Transactions effected through the CAS was issued by CBSL replacing the General Direction No 02 of 2013
	July	Launching of the Bank Computer Security Incident Response Team (Bank CSIRT), a collective risk mitigating effort of financial institutions operating in Sri Lanka for addressing information security risk
	September	CBSL issued the General Direction No. 2 of 2014 of the operations of the Common Electronic Fund Transfer Switch