

Payments Bulletin

Fourth Quarter 2018



Payments and Settlements Department
Central Bank of Sri Lanka

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1

Currency in Circulation

The Central Bank of Sri Lanka (CBSL) has the sole authority to issue currency notes and coins on behalf of the Government of Sri Lanka. At the end of the fourth quarter of 2018, currency notes and coins in circulation amounted to Rs. 641 billion. Cash persists as the most popular payment mode in retail payments in Sri Lanka.

Table: 1

Currency in Circulation (As at end period)

Description	Rs. million		Percentage Change		
	2017	Q4 2017	Q4 2018 (a)	Q4 17/16	Q4 18/17
Currency in Circulation	598,054	598,054	640,943	8.2	7.2
of which held by:					
a) Banks	158,658	158,658	167,876	28.7	5.8
b) Public	439,396	439,396	473,066	2.3	7.7

(a) Provisional

Source: Central Bank of Sri Lanka

Chart 1

Currency in Circulation



Chart 2

Share of Currency held by Public and Currency held by Banks

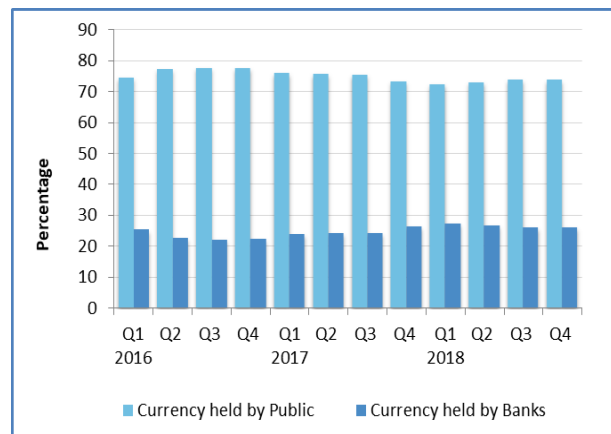
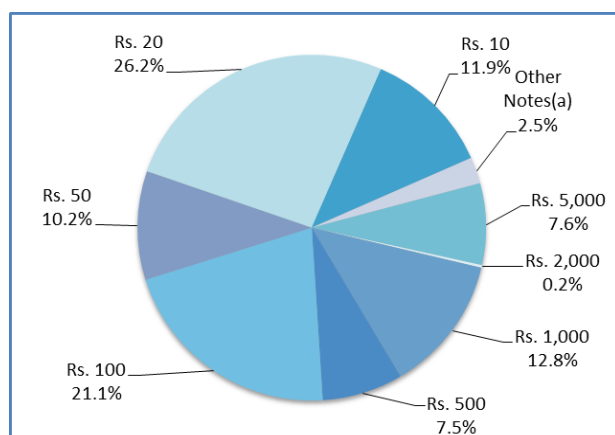


Chart 3

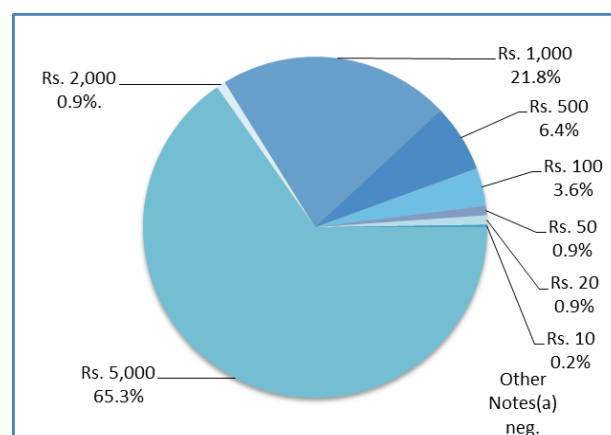
Currency Notes in Circulation by Denominations at end Q4 2018 (in Volume Terms)



(a) Currency notes with denominations including Rs. 200 and below

Chart 4

Currency Notes in Circulation by Denominations at end Q4 2018 (in Value Terms)



neg. - negligible

- Non-cash payments are facilitated through both 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 5

Large Value Payments and Retail Payments
(in Value Terms)

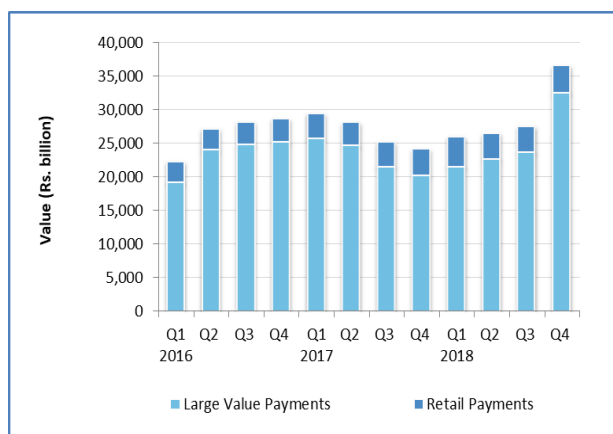
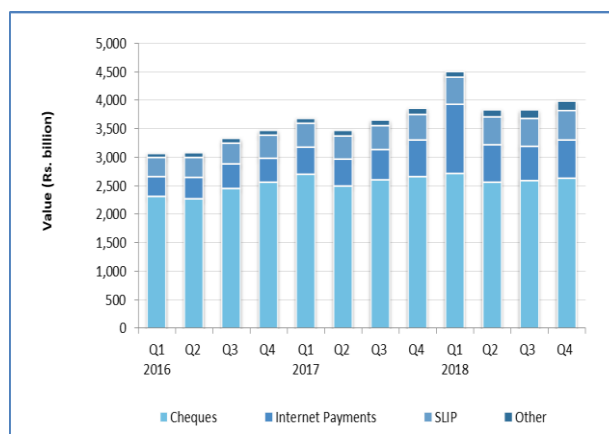


Chart 6

Retail Payments
(in Value Terms)



- RTGS System and Cheque Imaging and Truncation System (CITS) are the two systemically important payment systems in the country.
- About 96.3 per cent of the total value of non-cash payments of the fourth quarter of 2018 was effected through RTGS system (89.1%) and CITS (7.2%).
- Cheque is the most popular non-cash retail payment instrument in Sri Lanka which accounted for 65.9 per cent of the value of total non-cash retail payments in the fourth quarter of 2018.

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 CBSL.
- RTGS System is open for business on bank business days and settles payment instructions between participants from 8.00 a.m. to 4.30 p.m.
- RTGS System provides settlement facilities for individual customer payments of participant institutions from 8.00 a.m. to 3.00 p.m.
- As at end of the fourth quarter of 2018, there were 37 participants in the RTGS System, i.e. CBSL, 26 Licensed Commercial Banks, 8 Primary Dealer Companies, Employees' Provident Fund and the Central Depository System of the Colombo Stock Exchange.
- The Payment and Settlement Systems Circular No. 03 of 2015 on Operator Charges and Maximum Limit on Transaction Fees of LankaSettle System was issued with effect from 01 September 2015, through which:
 - the operator charge levied by CBSL for RTGS transactions was reduced to Rs. 450 from Rs. 600, and
 - the fee that can be charged by participating institutions of RTGS System from customers for fund transfers effected through RTGS System was capped at Rs. 1,000 per transaction.

Table: 2

Volume and Value of RTGS Transactions

Description	Volume				Value (Rs. billion)			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Total Transactions	377,312	95,571	110,833	16.0	92,302.7	20,294.0	32,601.2	60.6
Average per day	1,566	1,593	1,817	14.1	383.0	338.2	534.4	58.0

Transactions by Type

1 Repo	51,290	9,324	15,919	70.7	33,847.0	5,442.1	12,769.8	134.6
2 Intraday Liquidity Facility (ILF)	35,589	6,838	12,124	77.3	22,760.7	5,226.4	9,901.8	89.5
3 Standing Deposit Facility (SDF)	6,267	1,685	1,392	-17.4	7,925.5	2,302.9	2,235.1	-2.9
4 Interbank Transactions	43,452	11,342	11,967	5.5	15,241.9	4,150.5	4,116.5	-0.8
5 Customer Transactions	193,014	53,157	50,684	-4.7	8,203.2	2,093.4	2,440.0	16.6
6 Clearing House Transactions	46,248	12,905	18,489	43.3	3,809.5	991.0	1,103.4	11.3
7 Internal Fund Transfers	13	4	-	-100.0	6.8	1.0	-	-100.0
8 Other Transactions (a)	1,439	316	258	-18.4	508.2	86.7	34.5	-60.1

(a) Includes Rupee Settlement of Central Bank Forex Transactions

Transactions by Size	Percentage Share Q4 2018				Percentage Share Q4 2018			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Below Rs. 1 mn	63,505	20,155	18,914	17.1	14.2	4.2	4.3	neg.
Rs. 1 mn – Rs. 100 mn	204,176	50,613	56,898	51.3	5,212.8	1,228.1	1,486.8	4.6
Rs. 100 mn – Rs. 500 mn	72,151	16,526	20,780	18.7	19,250.9	4,411.1	5,555.5	17.0
Rs. 500 mn – Rs. 1,000 mn	21,410	4,653	7,832	7.1	15,861.6	3,576.0	5,881.7	18.0
Rs. 1,000 mn and above	16,070	3,624	6,409	5.8	51,963.3	11,074.5	19,672.8	60.3

neg. - negligible

Source: Central Bank of Sri Lanka

Chart 7

Total Volume and Total Value of RTGS Transactions

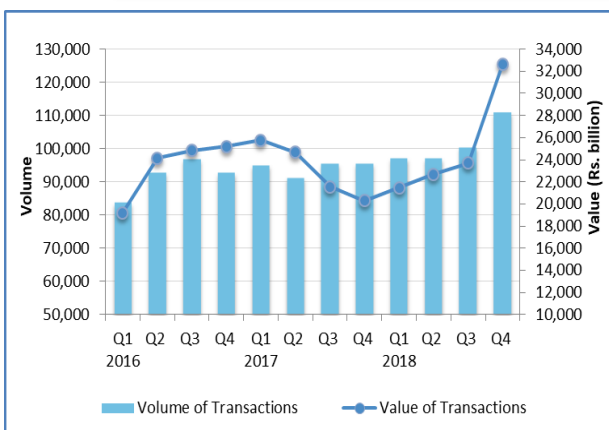


Chart 8

RTGS Transactions by Type of Participants Q4 2018

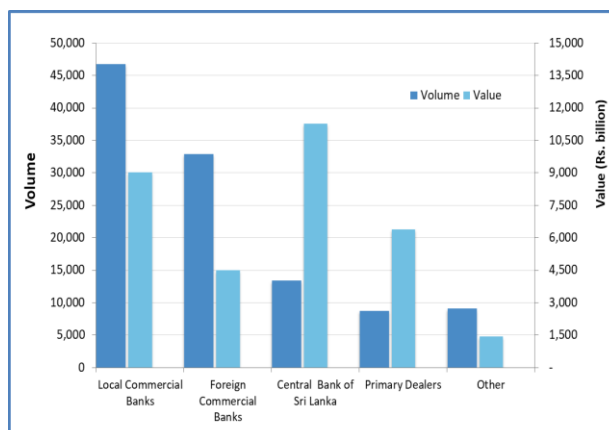


Chart 9

RTGS Transactions by Type of Participants Q4 2018 (in Volume Terms)

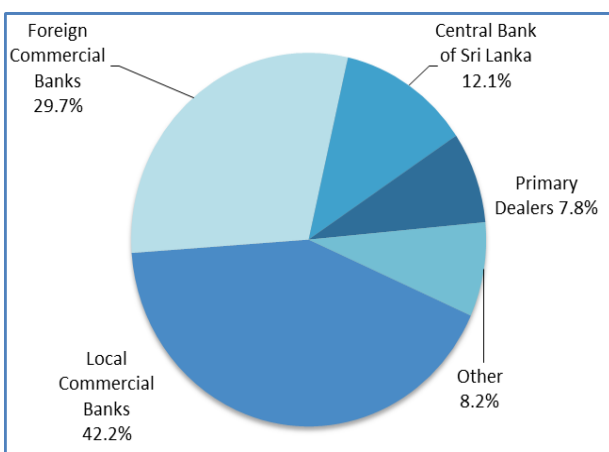


Chart 10

RTGS Transactions by Type of Participants Q4 2018 (in Value Terms)

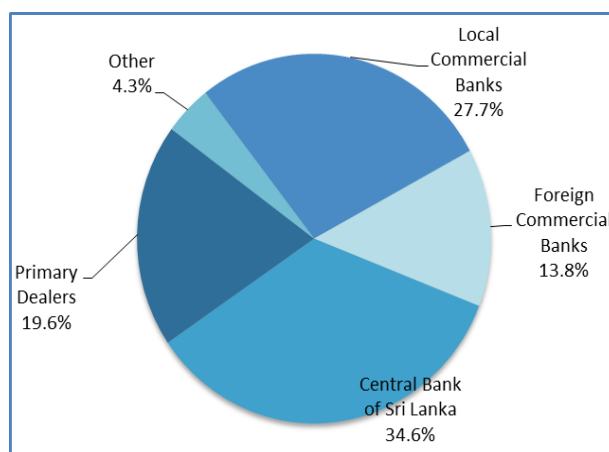


Chart 11

Average Volume of RTGS Transactions per day

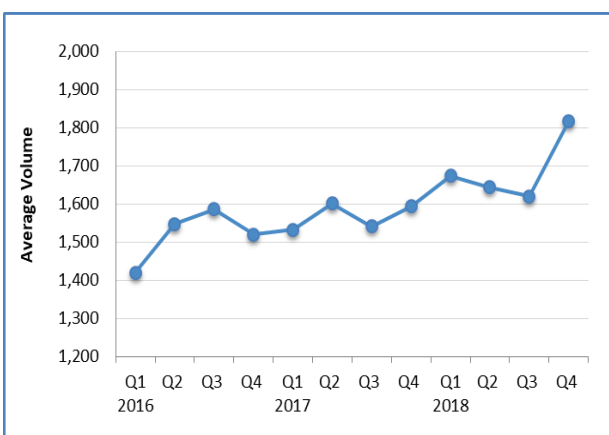


Chart 12

Average Value of RTGS Transactions per day

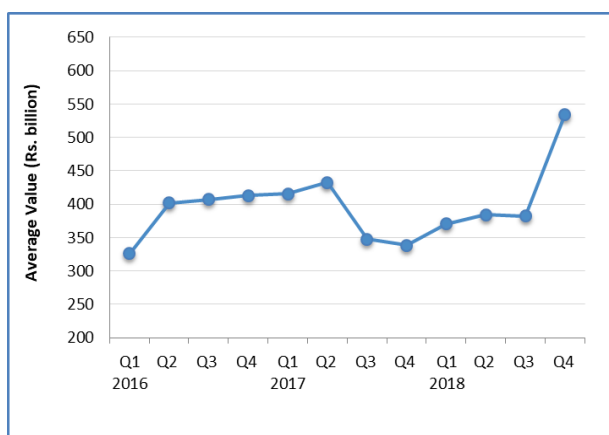


Chart 13

**Composition of RTGS Transactions by Size Q4 2018
(in Volume Terms)**

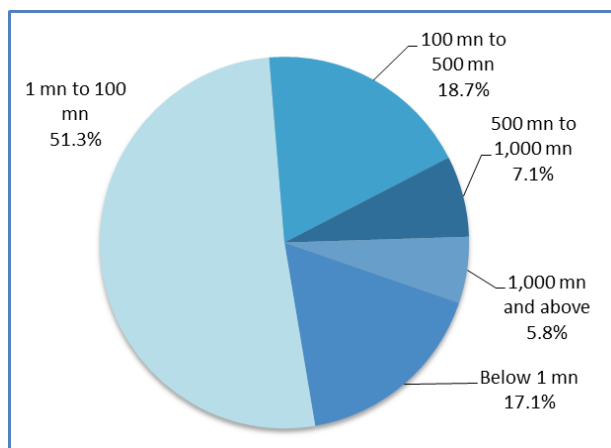
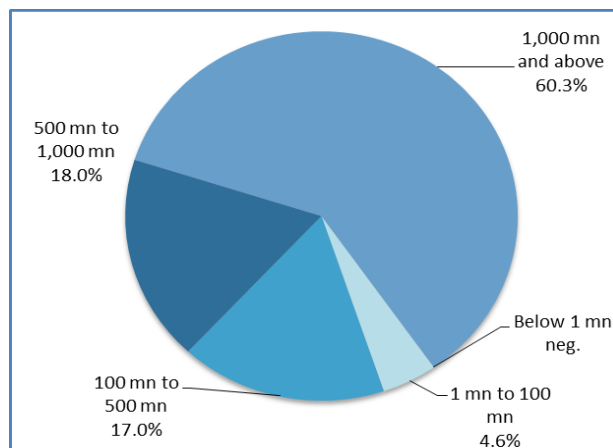


Chart 14

**Composition of RTGS Transactions by Size Q4 2018
(in Value Terms)**



neg. - negligible

Table: 3

Time Distribution of RTGS Transactions

Description	Volume			Percentage Share Q4 2018	Value (Rs. billion)			Percentage Share Q4 2018
	2017	Q4 2017	Q4 2018		2017	Q4 2017	Q4 2018	
Before 12.00 noon	139,506	34,257	44,370	40.0	46,260.1	10,048.9	15,870.5	48.7
After 12.00 noon	237,806	61,314	66,463	60.0	46,042.6	10,245.2	16,730.7	51.3

Source: Central Bank of Sri Lanka

Chart 15

**Time Distribution of RTGS Transactions
(in Volume Terms)**

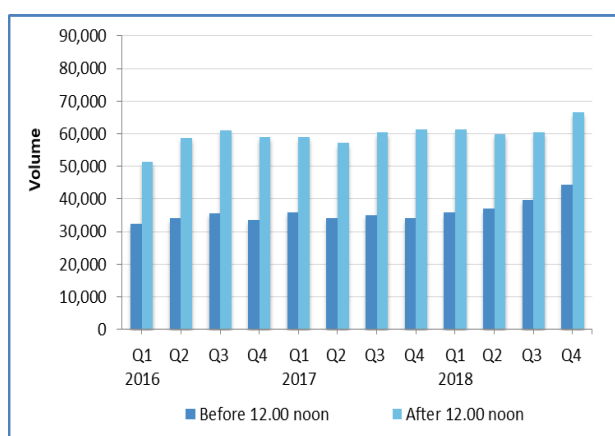
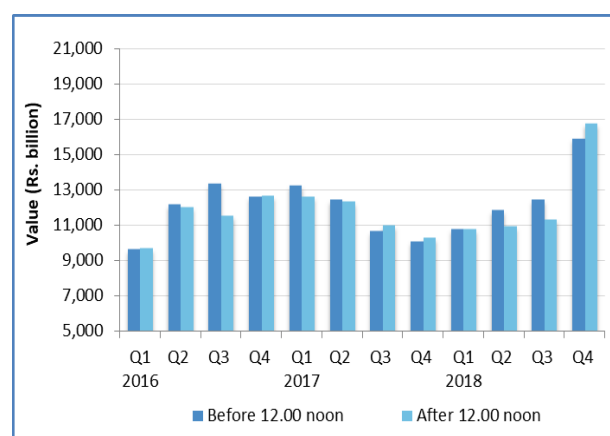


Chart 16

**Time Distribution of RTGS Transactions
(in Value Terms)**



2.2 Cheques

LKR Cheque Clearing

- At present, all LKR cheques and drafts are cleared by LankaClear (Pvt) Ltd (LCPL) through the 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 indicates one business day from T, i.e. the following business day.
- The General Direction No. 01 of 2006 on Cheque Imaging and Truncation System was issued by CBSL to streamline the operations of the CIT System.
- 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 was replaced by the General Direction No. 03 of 2013 on Service Norms and Standard Times for Accepting Cheque Deposits and Crediting Cheque Proceeds.
- 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 the respective customer's accounts by 2.30.p.m. on the following business day.
- LCPL charges Rs. 2.50 per cheque from the paying bank for clearing.

Table: 4

Cheque Clearing

Description	Volume ('000)				Value (Rs. billion)			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Total Cheques Cleared	51,963.3	13,089.6	12,617.0	-3.6	10,481.9	2,666.8	2,638.1	-1.1
Average per day	215.6	218.2	206.8	-5.2	43.5	44.4	43.2	-2.7

Cheque Clearing by Size

Below Rs. 0.1 mn	39,218.8	9,855.1	9,420.9	-4.4	1,077.9	273.1	269.1	-1.5
Rs. 0.1mn - Rs. 1mn	11,255.5	2,855.5	2,818.7	-1.3	3,108.6	782.9	772.8	-1.3
Rs.1 mn - Rs.11mn	1,412.3	359.0	357.5	-0.4	3,416.7	876.2	872.7	-0.4
Rs.11 mn - Rs.51mn	65.4	17.1	17.0	-0.5	1,405.9	368.8	358.4	-2.8
Rs.51mn - Rs.100mn	8.9	2.3	2.2	-4.3	683.2	174.8	171.0	-2.2
Above Rs. 100 mn.	2.4	0.6	0.7	16.7	789.7	191.0	194.1	1.6

Source: LankaClear (Pvt) Ltd.

Chart 17

Average Volume of Cheques Cleared per day

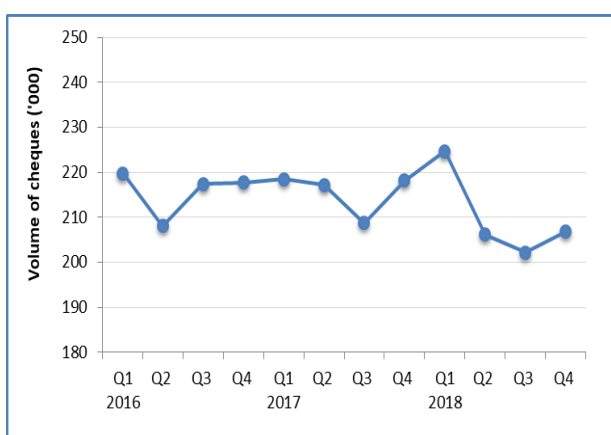
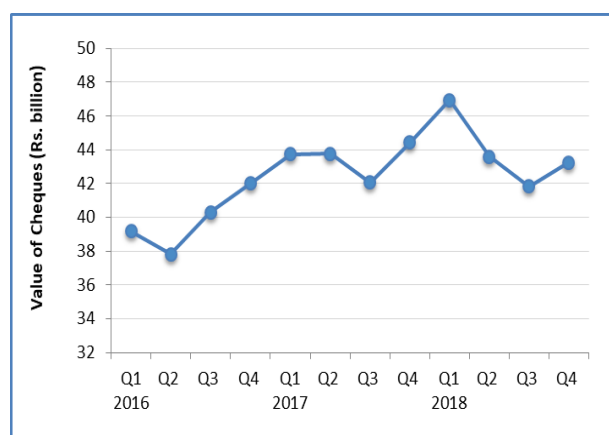


Chart 18

Average Value of Cheques Cleared per day



- The majority of cheques cleared (97.0 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 reduction in the time taken for receiving funds.

Table: 5

Cheque Returns

Description	Volume ('000)				Value (Rs. billion)			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Total Cheques Returned	2,121.0	552.7	549.5	-0.6	346.4	93.5	92.0	-1.6

Source: LankaClear (Pvt) Ltd.

Table 6

Cheque Returns

Description	2017	Q4 2017	Q4 2018
Volume of Cheques Returned (as a % of total volume of cheques received for clearing through LCPL)	4.1	4.2	4.4
Value of Cheques Returned (as a % of total volume of cheques received for clearing through LCPL)	3.3	3.5	3.5
Average Volume of Cheques Returned per day	8,801	9,211	9,008
Average Value of Cheques Returned per day (Rs. million)	1,437.3	1,557.5	1,508.8

Source: LankaClear (Pvt) Ltd.

Table 7

Return Code-wise Cheque Returns (As a Percentage of Total Volume of Cheque Returns)

Return Code	2017	Q4 2017	Q4 2018
Refer to Drawer	47.6	48.0	48.1
Payment Stopped by Drawer	19.1	19.8	19.8
Account Closed	15.6	16.1	16.0
Effects not Realized	1.7	1.8	1.8
Payment postponed pending drawer's confirmation	0.9	0.9	1.0
Other	15.1	13.3	13.4

Source: LankaClear (Pvt) Ltd.

Chart 19

Average Volume of Cheques Returned per day

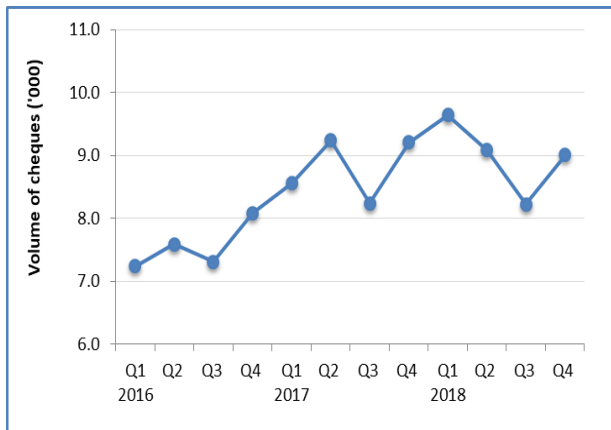


Chart 20

Average Value of Cheques Returned per day

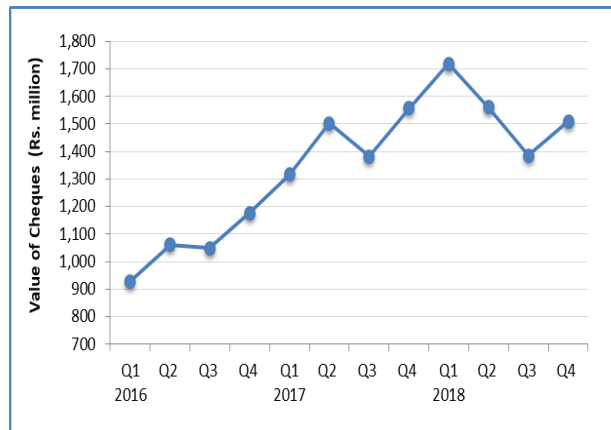


Chart 21

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

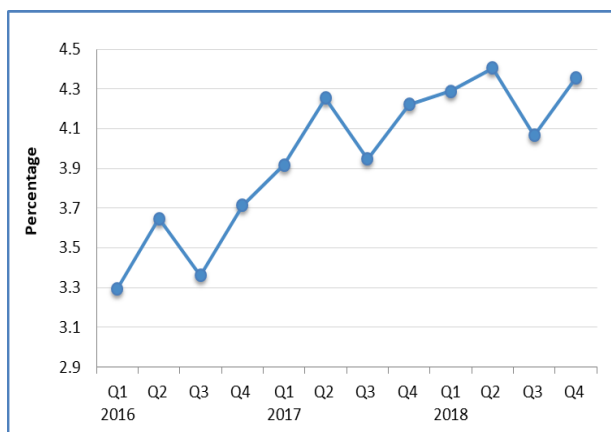


Chart 22

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

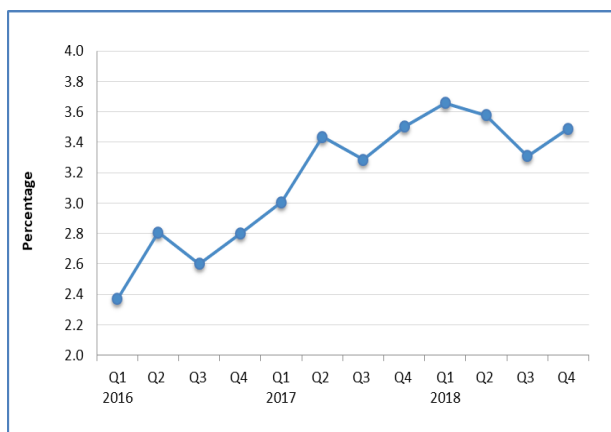


Chart 23

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

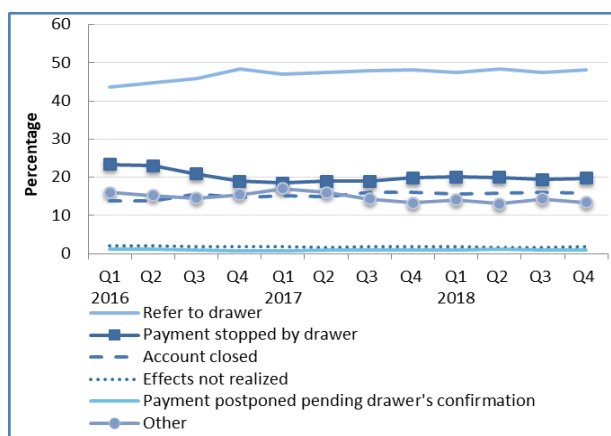
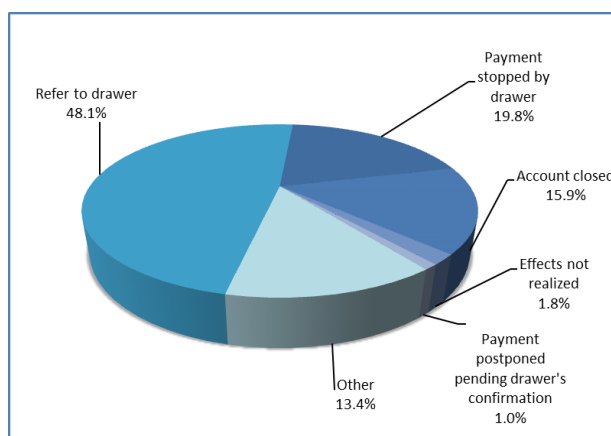


Chart 24

Composition of Cheque Returns Q4 2018 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.
- 23 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: 8

US Dollar Cheque Clearing

Description	Volume				Value (US Dollar million)			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Total Cheques Cleared	55,605	13,079	12,993	-0.7	486.2	333.3	65.7	-80.3
Cheque Clearing per day	231	218	213	-2.3	2.0	5.6	1.1	-80.4

Source: LankaClear (Pvt) Ltd.

Chart 25

Volume of US Dollar Cheques Cleared

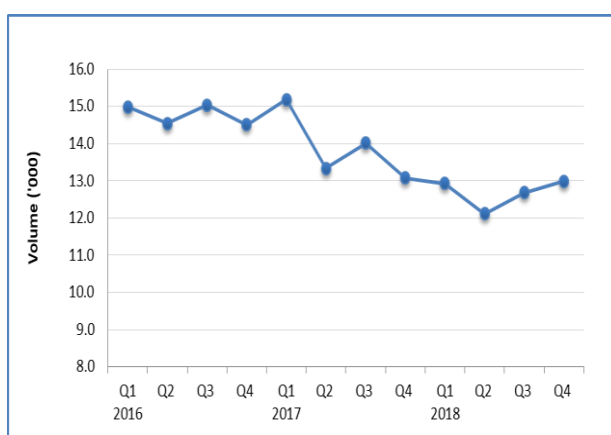
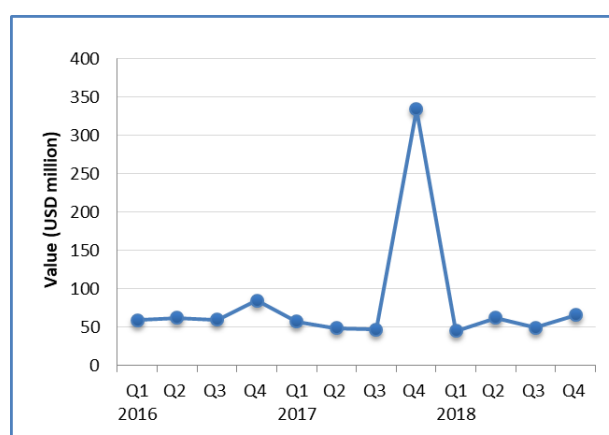


Chart 26

Value of US Dollar Cheques Cleared



2.3 Sri Lanka Interbank Payment (SLIP) System

- SLIP System is operated by LCPL.
- SLIP System provides facility for settlements on T + 0 basis on each business day, for payment instructions submitted before the cut-off time specified by the respective financial institutions.
- SLIP System has the facility of accepting payment instructions for T + n (where n=0 to 14 days).
- Low value transactions including customer transfers, standing orders and low value bulk payments such as salaries are effected through this system.
- A maximum limit of Rs. 5 million per transaction was imposed with effect from 29 October 2010.
- As at end of the fourth quarter of 2018, there were 46 participants in the SLIP System, i.e. CBSL and 25 Licensed Commercial Banks as primary members and, 5 Licensed Specialized Banks and 15 Finance Companies, as secondary members.
- LCPL charges Rs. 3.50 per transaction from Presenting Financial Institution.
- The Payment and Settlement Systems Circular No. 02 of 2015 on Maximum Limit on Transaction Fees of Sri Lanka Interbank Payment System was issued with effect from 01 September 2015, by which:
 - CBSL imposed the maximum fee that can be charged from a customer for a fund transfer effected through SLIP System as Rs. 50

Table: 9

Transaction Volumes and Values of SLIP System

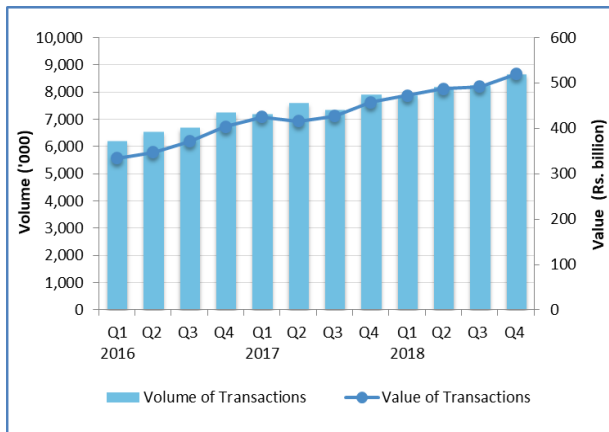
Description	Volume ('000)				Value (Rs. billion)			
	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
Total Transactions Cleared	30,017.8	7,894.8	8,652.0	9.6	1,725.0	457.3	519.7	13.6
Average per day	124.6	131.6	141.8	7.8	7.2	7.6	8.5	11.8
Transactions by Size								
Less than Rs. 1 mn	29,771.3	7,831.0	8,580.6	9.6	1,111.3	296.2	338.8	14.4
Between Rs. 1 mn – 5 mn	246.5	63.8	71.5	12.0	613.7	161.1	180.9	12.3
Transactions by Type								
Credit transactions	30,002.3	7,891.0	8,648.9	9.6	1,711.2	453.9	516.0	13.7
Debit transactions	15.5	3.8	3.1	-18.2	13.9	3.4	3.7	8.1

Source: LankaClear (Pvt) Ltd.

- SLIP System which accounted for 13.0 per cent of the value of total non-cash retail payments has been used mainly for salary payments.

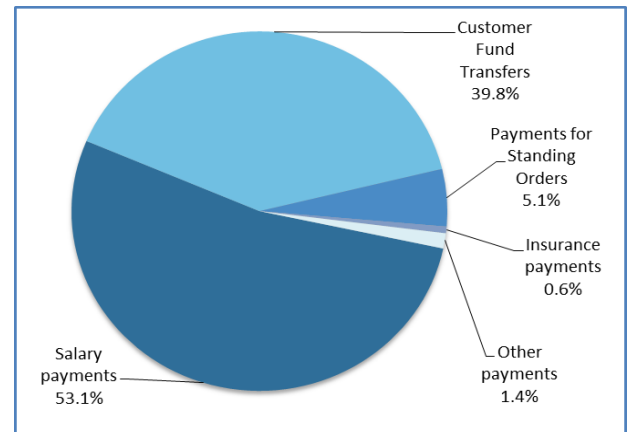
**Chart
27**

Volume and Value of SLIP System Transactions



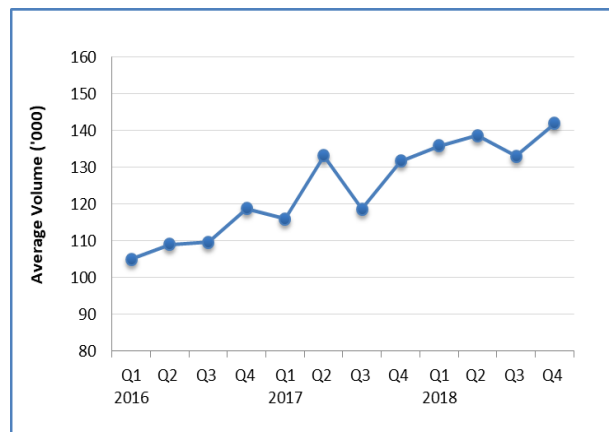
**Chart
28**

SLIP System Transactions by Transaction Code Q4 2018 (in Volume Terms)



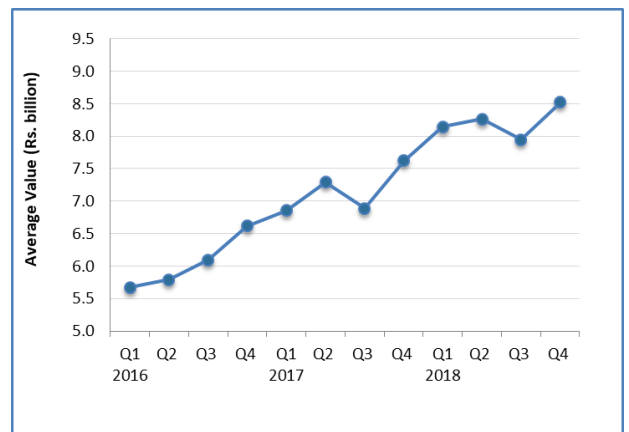
**Chart
29**

Average Volume of SLIP System Transactions per day



**Chart
30**

Average Value of SLIP System Transactions per day



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, the Service Providers of Payment Card Regulations No. 1 of 2009, were 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 31 December 2018)

Class of Business	Number of Service Providers
Issuers of Debit Cards	32
Issuers of Credit Cards	17
Issuers of Stored Value Cards	9
Financial Acquirers of Payment Cards	10

Source: Central Bank of Sri Lanka

(a) Credit Cards

- In 1989, commercial banks commenced issuing credit cards in Sri Lanka.
- The Credit Card Operational Guidelines No. 1 of 2010 were issued to streamline the operations of the credit card business.
- At end of the fourth quarter 2018, 14 Licensed Commercial Banks and 3 Finance Companies had been licensed to engage in credit card business.
- Stamp duty for credit cards on usage of credit facility for the purchase of goods or services or the withdrawal of money where the merchant country (the country in which the purchase of goods or services or the withdrawal of money has taken place) is a country other than Sri Lanka is set at Rs. 25.00 per every Rs. 1,000.00 or part thereof from 01 January 2016.

Table: 10

Credit Card Transactions

Description	2017	Q4 2017	Q4 2018 (a)	Percentage Change	
				Q4 17/16	Q4 18/17
1 Number of cards issued during the period	290,264	85,043	90,299	6.2	6.2
2 Total number of cards in use (as at end period)	1,486,545	1,486,545	1,715,369	13.0	15.4
3 Total volume of transactions (million)	37.0	10.0	12.2	10.8	22.7
4 Total value of transactions (Rs. billion)	198.5	55.0	69.3	12.9	26.0

(a) Provisional

Source: Licensed Commercial Banks
Licensed Finance Companies

Chart 31

Credit Card Transactions

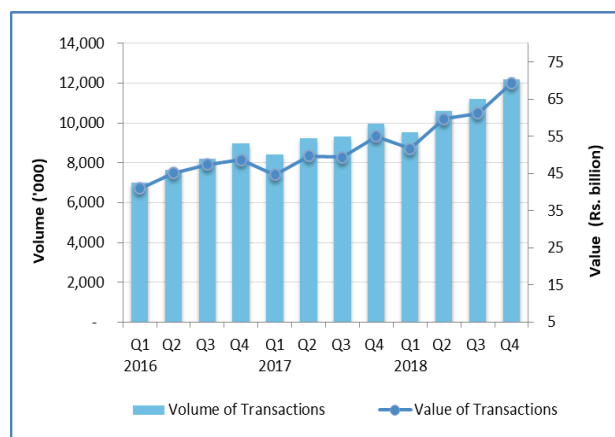


Chart 32

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

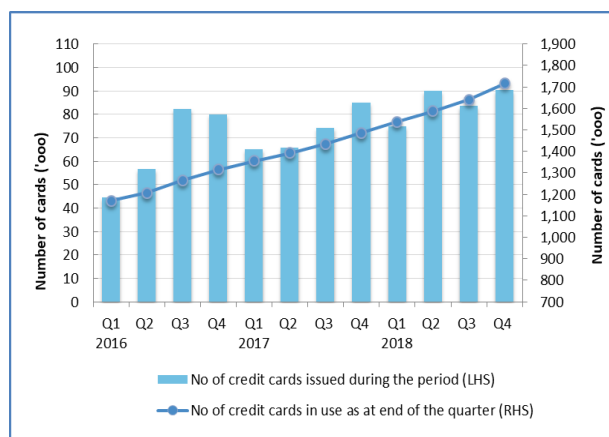


Chart 33

Average Volume of Transactions per Credit Card

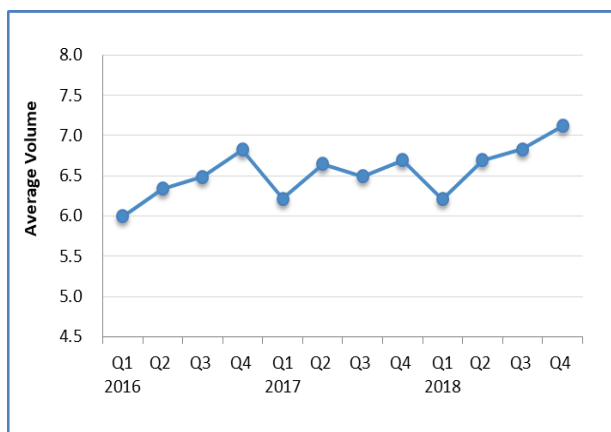


Chart 34

Average Value of Transactions per Credit Card

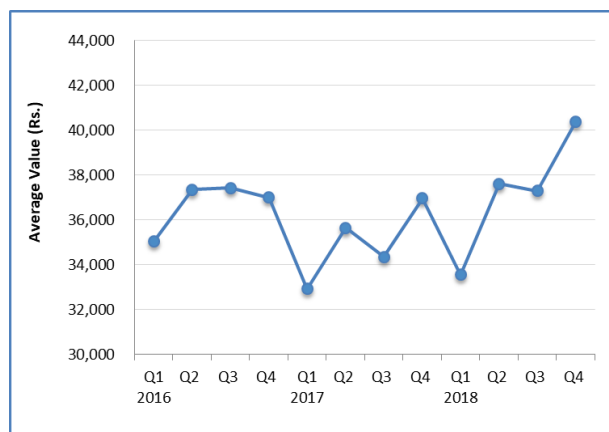


Table: 11

Credit Cards in Default (As at end period)

Description	Number of Cards				Defaulted Transaction Value (Rs. billion)			
	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17
Defaulted Credit Cards *	96,957	96,957	112,676	16.2	7.1	7.1	9.3	31.2

(a) Provisional

Source: Credit Information Bureau of Sri Lanka

*Where the payment is in arrears for 90 days or more

Chart 35

Number of Credit Cards under Defaulted Payment Category (As at end period)

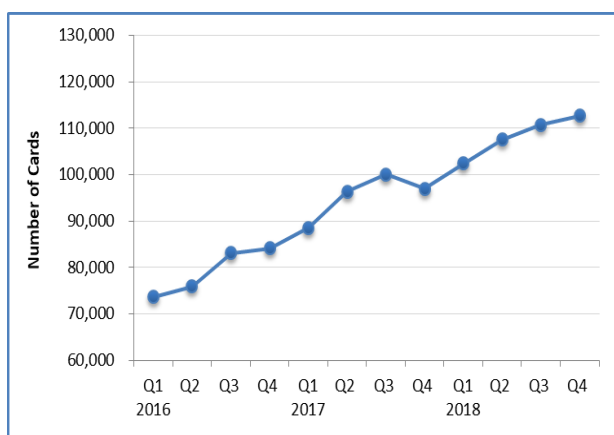
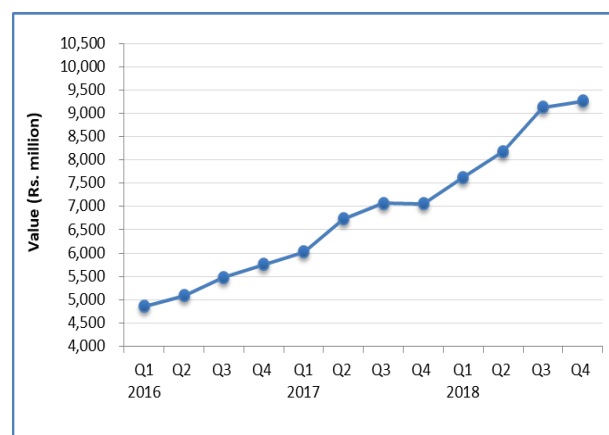


Chart 36

Value of Credit Cards under Defaulted Payment Category (As at end period)



(b) Debit Cards

- Debit cards were first introduced to Sri Lanka in 1997.
- As at the end of fourth quarter 2018, 19 Licensed Commercial Banks, 2 Licensed Specialised Banks and, 11 Finance Companies had been licensed for issuing debit cards.

Table: 12

Debit Card Transactions

Description	2017	Q4 2017	Q4 2018 (a)	Percentage Change	
				Q4 17/16	Q4 18/17
1 Number of cards issued during the period	3,650,045	792,723	935,502	-2.3	18.0
2 Total number of cards in use (as at end period)	19,702,875	19,702,875	22,329,928	11.1	13.3
3 Total volume of transactions (million) (b)	47.0	12.7	15.7	19.8	23.6
4 Total value of transactions (Rs. billion)(b)	134.5	36.1	44.4	19.1	23.0

(a) Provisional

(b) Transactions carried out at POS terminals during the period

Sources: Licensed Commercial Banks

Licensed Specialised Banks

Finance Companies

Chart 37

Debit Card Transactions (carried out at POS terminals)

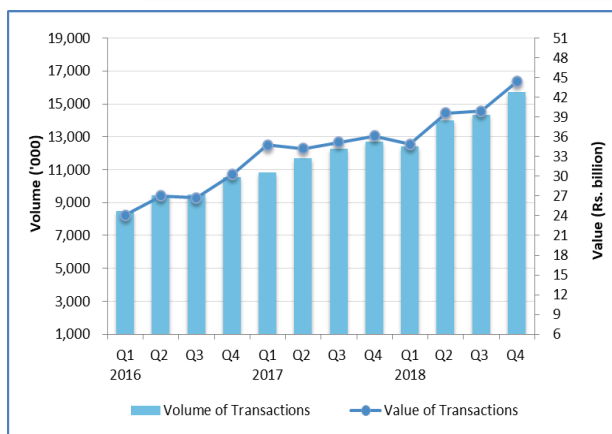


Chart 38

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

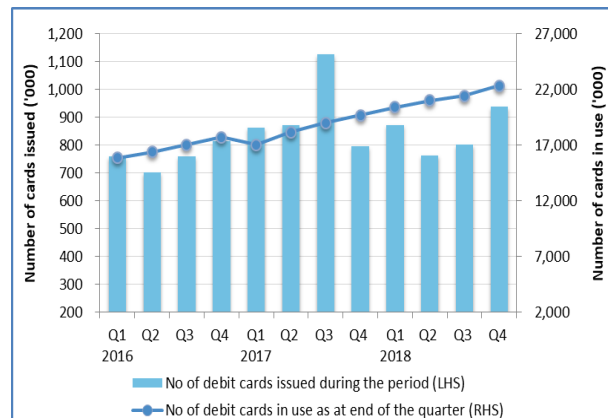


Chart 39

Average Volume of Transactions (carried out at POS terminals) per Debit Card

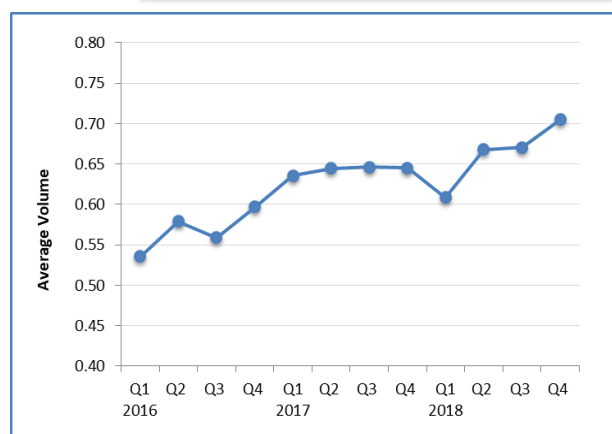
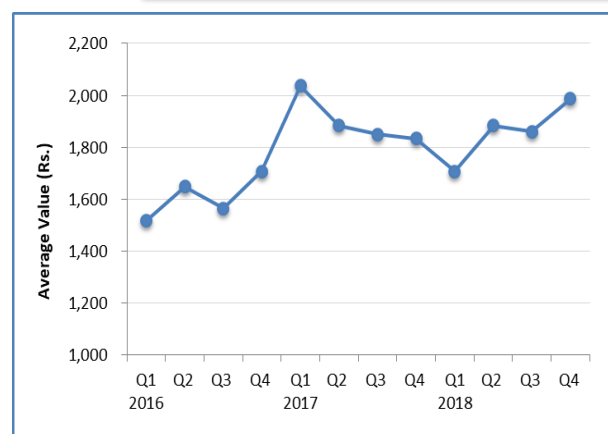


Chart 40

Average Value of Transactions (carried out at POS terminals) per Debit Card



2.4.2 Payment Card Infrastructure

(a) Automated Teller Machines

- Automated Teller Machines (ATMs) were introduced to Sri Lanka in 1986.
- Services provided through ATMs include cash withdrawals, balance inquiries, cheque book requisitions, fund transfers, cash and cheque deposits, utility bill payments and change of Personal Identification Numbers (PIN) etc.

Table: 13

ATM Terminals

Description	2017	Q4 2017	Q4 2018 (a)	Percent Change	
				Q4 17/16	Q4 18/17
1. Number of ATM terminals in use (as at end period)	4,206	4,206	4,618	8.6	9.8
2. Total volume of financial transactions during the period (million)(b)	238.2	62.4	65.0	6.3	4.2
3. Total value of financial transactions during the period (Rs. billion)(b)	2,395.7	647.6	692.6	16.6	6.9

(a) Provisional

(b) Cash withdrawals at ATMs during the period

Sources: Licensed Commercial Banks
Licensed Specialised Banks
Finance Companies

Chart 41

Average Volume of Transactions per ATM Terminal

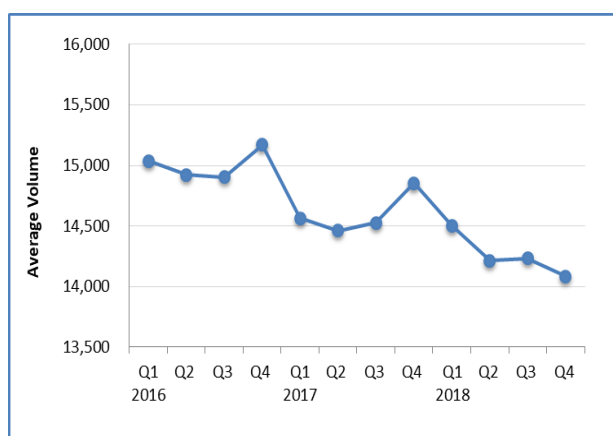


Chart 42

Average Value of Transactions per ATM Terminal

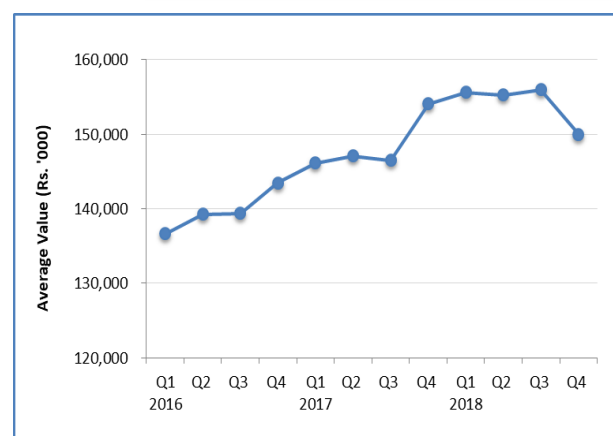


Chart 43

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

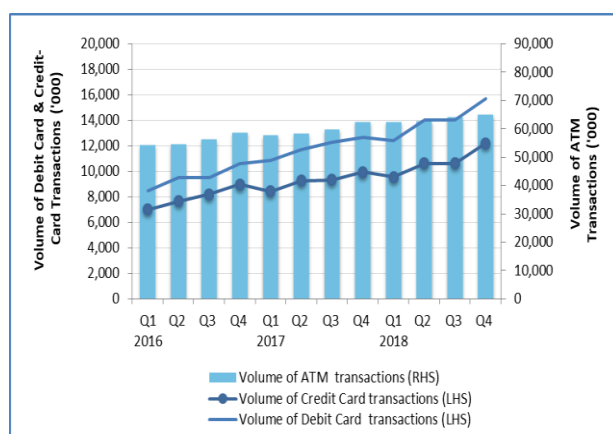
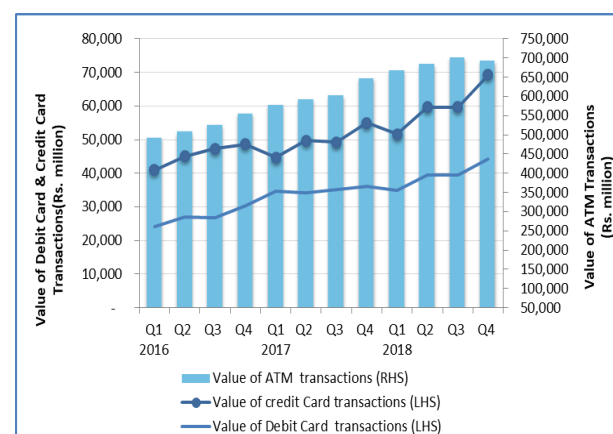


Chart 44

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



(b) Point of Sale Terminals

- Point of Sale (POS) terminals were introduced to Sri Lanka in 1994.
- POS terminals allow customers to make payments through credit, debit and stored value cards at merchants' outlets.
- As at end of the fourth quarter of 2018, 9 Licensed Commercial Banks and 1 Private Company had 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 to enhance the security of payment card transactions.
- In 2014, CBSL instructed all financial acquirers to ensure that merchants acquired by them 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: 14

Payments at POS Terminals

Description	2017	Q4 2017	Q4 2018 (a)	Percentage Change	
				Q4 17/16	Q4 18/17
1 Number of POS terminals in use (as at end period)	48,828	48,828	62,652	12.6	28.3
2 Total volume of transactions during the period (million)	84.0	23.2	28.6	21.5	23.3
3 Total value of transactions during the period (Rs. billion)	432.7	121.4	154.0	15.4	26.9

(a) Provisional

Source: Licensed Financial Acquirers of Payment Cards

Chart 45

Average Volume of Transactions per POS Terminal

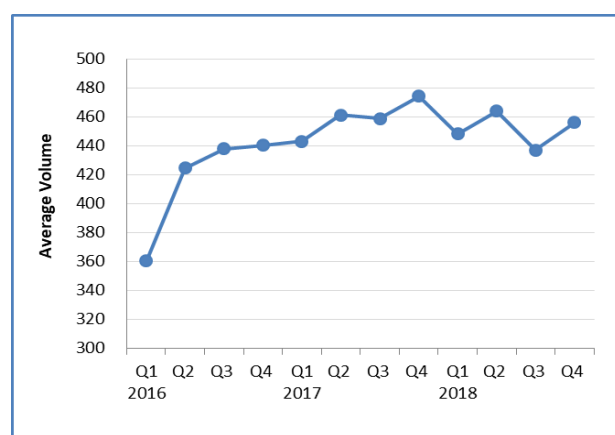
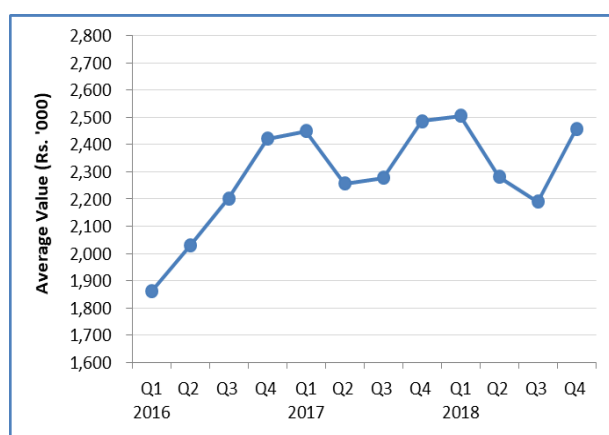


Chart 46

Average Value of Transactions per POS Terminal



2.4.3 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 fourth quarter 2018)

Class of Business	Number of Licensed Service Providers
Operators of Customer Account based Mobile Payment Systems	12
Operators of Mobile Phone based e-money Systems	2

(a) 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.*
- *The Mobile Payments Guidelines No. 1 of 2011 were issued by CBSL to streamline the Mobile Phone Banking services.*

Table: 15

Mobile Phone Banking

Description	Volume				Value (Rs. million)			
	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17
Total Transactions (during the period)	3,799,441	947,774	2,955,242	211.8	31,436.5	12,429.4	50,522.4	306.5

(a) Provisional

Source: Licensed Commercial Banks

(b) Mobile Phone based e-money Systems

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

Chart
47

Composition of Mobile Phone based
e-money Transactions in Q4 2018
(in Volume Terms)

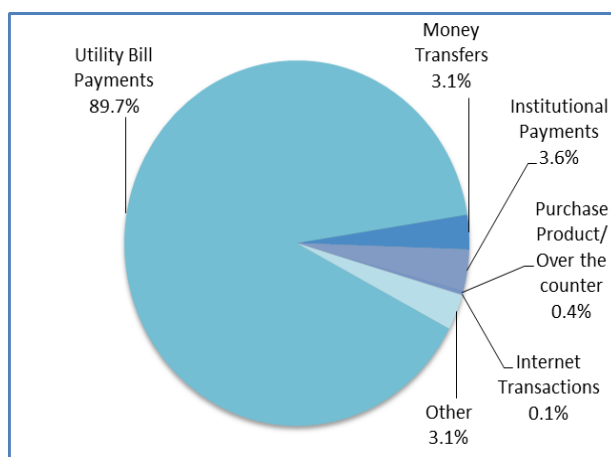
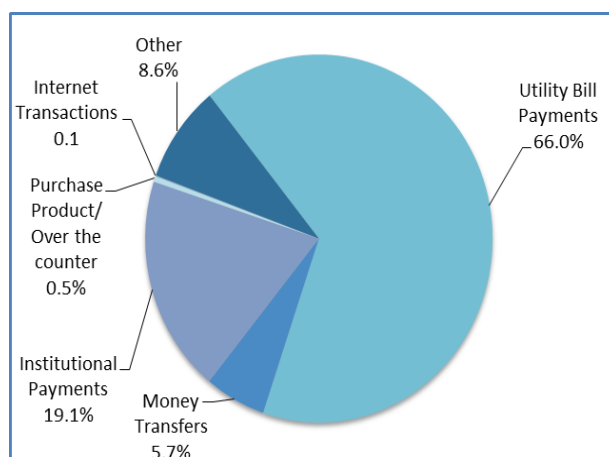


Chart
48

Composition of Mobile Phone based
e-money Transactions in Q4 2018
(in Value Terms)



Source: Operators of Mobile Phone based e-money Systems

2.5 Internet based Payment Systems

- Internet banking which allows bank customers to access banking services in a convenient and efficient manner through Internet was introduced in Sri Lanka in 1999.
- 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: 16

Internet based Payment Systems

Description	Volume ('000)				Value (Rs. billion)			
	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17
Total financial transactions (during the period)	23,065.6	6,410.8	7,625.4	18.9	2,100.6	637.9	670.4	5.1

(a) Provisional

Sources: Licensed Commercial Banks
Licensed Specialised Banks
Finance Companies

- Reflecting the growing popularity of Internet banking, volume and value of financial transactions effected through Internet banking continued to increase during the fourth quarter of 2018.
- This growing popularity may be mainly due to customer convenience, time saving benefits and various promotional measures and awareness programmes carried out by the banks to enhance 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: 17

Tele-banking

Description	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17
1. Total volume of financial transactions (during the period)	9,251	1,924	1,983	3.1
2. Total value of financial transactions (during the period) (Rs. million)	734.5	215.1	363.1	68.8

(a) Provisional

Sources: Licensed Commercial Banks
Licensed Specialised Banks
Finance Companies

2.7 Postal Instruments

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

Table: 18

Volume and Value of Payments Made through Money Orders and Postal Orders

Description	Volume				Value (Rs. '000)			
	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17	2017	Q4 2017	Q4 2018 (a)	Percentage Change Q4 18/17
1. Ordinary Money Orders	271,343	41,025	24,347	-40.7	1,123,812	225,179	111,565	-50.5
2. E-money Orders	936,542	270,746	204,621	-24.4	5,946,014	1,682,908	1,340,262	-20.4
3. Local Value Payment Money Orders	100,047	29,663	26,735	-9.9	197,525	58,709	53,939	-8.1
4. British Postal Orders	263	61	0	-100.0	1,994	574	0	-100.0
Total	1,308,195	341,495	255,703	-25.1	7,269,345	1,967,370	1,505,766	-23.5
Total number of Post Offices (end period)	4,690	4,690	4,475	-4.6				

(a) Provisional

Source: Postal Department

2.8 Other

- Cash Deposit Machines (CDM) / Cash Recycler Machines (CRM) etc. are also used to make other non-cash payments.
- Some financial institutions provide facility to make cash withdrawals, balance inquiries, utility bill payments, fund transfers etc. through CDMs/CRMs, in addition to providing cash depositing facility,

Table: 19

Cash Deposit Machines (CDM) / Cash Recycler Machines (CRM)

Description	Q2 2018 (a)	Q3 2018 (a)	Q4 2018 (a)	Percentage Change Q4/Q3 2018
1 No. of CDMs/CRMs in use (as at end period)	1,274	1,510	1,799	19.1

(a) Provisional

Sources: Licensed Commercial Banks /Licensed Specialised Banks
/Finance Companies

2.9 Common Card and Payment Switch (CCAPS)

- The CCAPS operated by LCPL, was set up in order to establish a national platform for electronic retail payments in the country.
- CCAPS has been designated as the national payment switch in Sri Lanka and LCPL launched operations of CCAPS under the brand name of "LankaPay".
- 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).

(a) Common ATM Switch (CAS)

- LankaPay CAS, the first phase of CCAPS which provides the facility to customers of LankaPay CAS members to withdraw cash from their accounts and inquire the account balances, through ATMs of other LankaPay members, was launched on 23 July 2013.
- In addition, CDMs/CRMs connected to CAS also provide balance inquiry and cash withdrawal facilities to LankaPay CAS members.
- The 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.
- The General Direction No. 01 of 2014 was issued on maximum fees of transactions effected through the LankaPay CAS.
- The maximum fees that can be charged for a LankaPay CAS transaction is as follows:

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

- As at end of the fourth quarter 2018, LankaPay CAS consisted of 28 members [twenty two (22) Licensed Commercial Banks, three (3) Licensed Specialized Banks and three (3) Finance Companies] connecting through 4,847 ATMs and CDMs/CRMs.

Table: 20

Common ATM Switch (CAS)

Description	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
1 Number of CAS members (as at end period)	27	27	28	3.7
2 Number of ATMs and CDMs connected to CAS (as at end period)	4,450	4,450	4,847	8.9
3 Total volume of financial transactions ('000) (a)	32,921.2	9,261.1	11,074.8	19.6
4 Total value of financial transactions (Rs. million) (a)	264,086.6	75,956.0	96,259.2	26.7

(a) Cash withdrawals at ATMs and CDMs/CRMs during the period

Source: LankaClear (Pvt) Ltd.

Chart 49

Average Volume of CAS Transactions per day

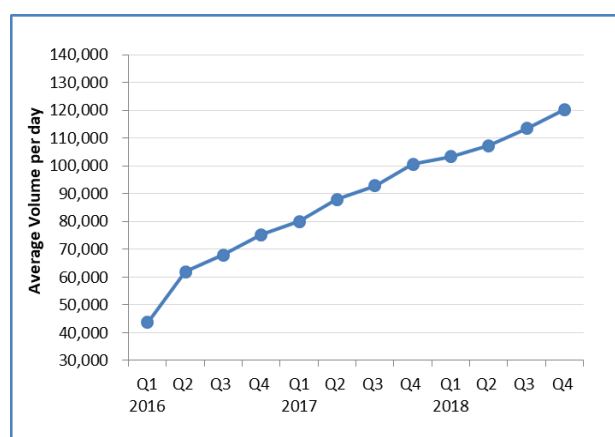
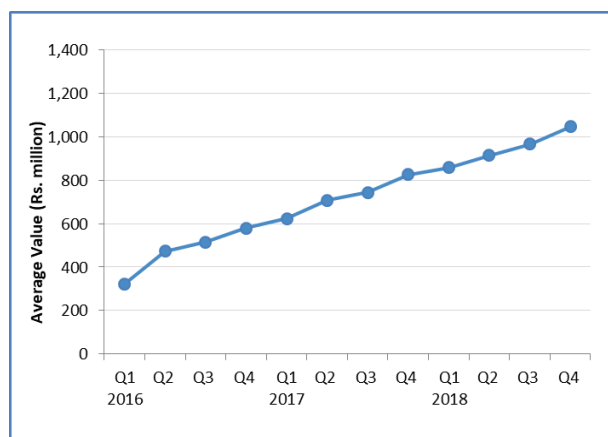


Chart 50

Average Value of CAS Transactions per day



(b) Common Electronic Fund Transfer Switch (CEFTS)

- LankaPay CEFTS, the second phase of CCAPS, which provide the real-time, retail fund transfer facilities to customers of LankaPay CEFTS members through payment channels such as Internet Banking, Mobile Banking, Kiosks, Over the Counter (OTC) and Automated Teller Machines (ATM), was launched on 21 August 2015.
- As at end of the fourth quarter 2018, CEFTS consisted of thirty six (36) members [twenty five (25) licensed commercial banks three (3) licensed specialized banks and eight (8) Finance Companies].
- The General Direction No. 02 of 2014 was issued by CBSL imposing key prudential and obligatory requirements to LCPL and members of CEFTS. This was replaced by the General Direction No. 01 of 2018 on Operations of the Common Electronic Fund Transfer Switch to facilitate increasing the number of clearing cycles in CEFTS.
- Maximum fee that can be charged from a customer for a CEFTS transaction is as follows:

Fund Transfer mode	Maximum Fee (per transaction) (Rs.)
Effected through Internet Banking, Mobile Banking, ATMs of respective CEFTS members	50.00
Effected through ATMs of other CEFTS members	100.00
Effected Over-the-Counter	100.00

- To facilitate online real time payments to Government Institutions through CEFTS, LCPL implemented LankaPay Online Payment Platform (LPOPP) and started live operations on 20 July 2017.
- Initially, LPOPP is facilitating real time payments to Sri Lanka Customs and as at end fourth quarter 2018, eight (8) licensed commercial banks had connected to LPOPP to facilitate payments to Sri Lanka Customs.
- Payment and Settlement Systems Circular No. 08 of 2017 on Maximum Limits on Transaction Value and Fees of Common Electronic Fund Transfer Switch was issued replacing the Payment and Settlement Systems Circular No. 01 of 2015, in order to increase the maximum per transaction value limit for transactions carried out through a specific transaction code to facilitate real time payments to Sri Lanka Customs.
- The maximum limit for a transaction under code 58, payments to Sri Lanka Customs is Rs. 20 bn, and for any other transaction effected through CEFTS is Rs. 5 mn.

Table: 21

Common Electronic Fund Transfer Switch (CEFTS)

Source: LankaClear (Pvt) Ltd.

Description	2017	Q4 2017	Q4 2018	Percentage Change Q4 18/17
1 Number of CEFTS members (as at end period)	33	33	38	15.2
2 Total volume of financial transactions ('000)	3,163.4	1,074.3	2,499.5	132.7
3 Total value of financial transactions (Rs. million)	273,743.9	92,656.7	230,730.7	149.0

Chart 51

Average Volume of CEFTS Transactions per day

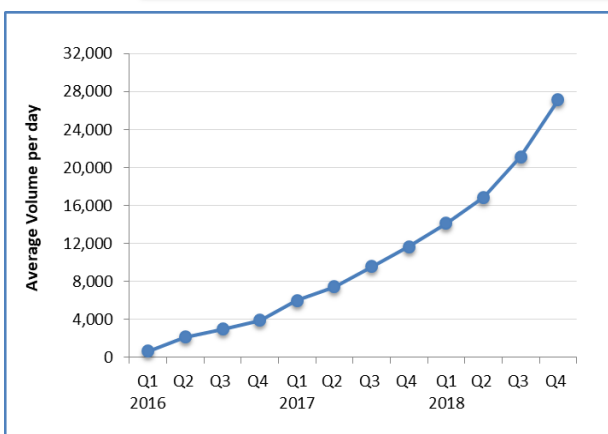
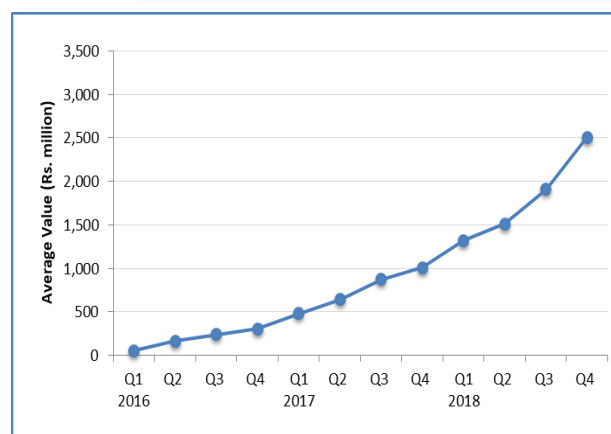


Chart 52

Average Value of CEFTS Transactions per day



(c) Shared ATM Switch (SAS)

- LankaPay SAS provides hosted ATM Switch and Card Management System (CMS) to financial institutions that do not have adequate technical skills and funds for investing in an own ATM Switch and CMS.
- Regional Development Bank joined LankaPay SAS on 27 August 2015 as the first participant of LankaPay SAS, and on 18 January 2018 Sarvodaya Development Finance Limited joined as the second participant.

- 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.
- At present, ACU consists of 9 central banks/monetary authorities (Bangladesh, Bhutan, India, Iran, Nepal, Maldives, Myanmar, Pakistan and Sri Lanka).
- The Board of Directors, i.e. Governors of member Central Banks, is the decision making body of the ACU and Board of Directors meets annually.
- 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.
- The 47th meeting of the ACU Board of Directors was held in Nepal in June 2018.

Table: 22

ACU Transactions of Sri Lanka

Description	2017	Q4 2017	Q4 2018	Percentage Change	
				Q4 17/16	Q4 18/17
1 Number of Transactions	6,335	1,593	1,494	0.4	-6.2
2 Value of Total Receipts (Rs. million)	36,941.9	7,370.5	15,731.8	-7.8	113.4
3 Value of Total Payments (Rs. million)	496,632.9	138,519.7	138,573.7	16.0	neg.

neg. - negligible

Source: Central Bank of Sri Lanka.

Chart 53

Total Volume of ACU Transactions of Sri Lanka

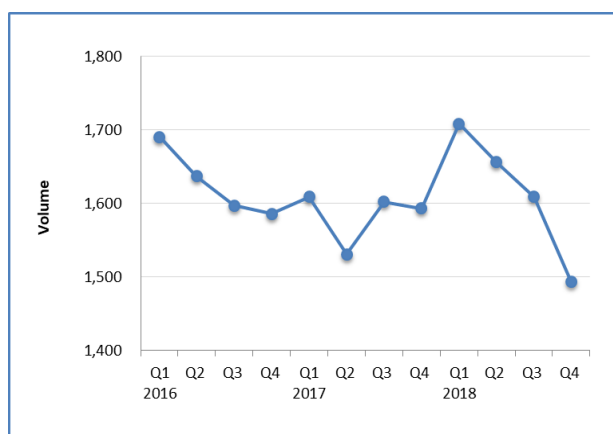
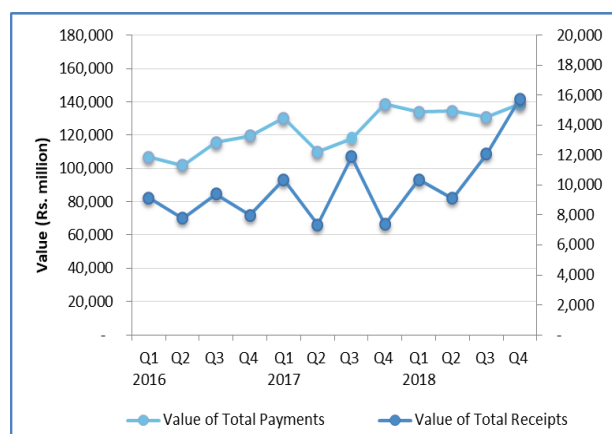


Chart 54

Value of Total Receipts and Payments through ACU of Sri Lanka



- The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is an internationally accepted communication system which exchanges financial transaction information through standardized messages on a secured platform.
- SWIFT was launched in 1973 as a member owned cooperative. Currently, all members are considered as shareholders of the system and the share is determined according to their usage.
- SWIFT is used in more than 11,000 financial institutions over 200 countries.
- Sri Lanka SWIFT participants can connect to SWIFT via two connectivity options; Direct connectivity or through Lanka Financial Services Bureau (LFSB) Ltd.
- The LFSB was established in 2007 to obtain connectivity through a service bureau and currently 26 institutions (CBSL, 16 Licensed Commercial Banks, 7 Primary Dealer Companies, one Finance Company and the Central Depository System of Colombo Stock Exchange) are obtaining services through LFSB.

Table: 23

Participation in SWIFT by Financial Institutions

Description	Sri Lanka			Worldwide		
	2017	Q4 2017	Q4 2018	2017	Q4 2017	Q4 2018
SWIFT users (end of period)	38	38	38	11,336	11,336	11,324

Source: SWIFT

Table: 24

SWIFT Message Flow in Sri Lanka

Description	2017	Q4 2017	Q4 2018	Percentage Change	
				Q4 17/16	Q4 18/17
1 All messages sent by domestic users	5,501,327	1,351,296	1,524,240	-2.2	12.8
Customer fund transfers messages	841,087	215,755	217,849	6.5	1.0
Bank fund transfers messages	493,212	130,394	133,072	11.9	2.1
2 All messages received by domestic users	5,702,094	1,411,441	1,546,417	-1.8	9.6
Customer fund transfers messages	1,901,223	487,120	440,910	4.1	-9.5
Bank fund transfers messages	167,558	46,562	51,507	22.6	10.6
3 Domestic SWIFT Traffic	1,935,594	440,428	526,633	-15.1	19.6
4 Global SWIFT Traffic (million)	7,076	1,837	2,040	8.8	11.1

Source: SWIFT

Table: 25

Total Volume and Value of Transactions

Payment Systems/Instruments	2014	2015	2016	2017	2018 (a)
Large Value Payment Systems					
RTGS System					
Volume of transactions ('000)	317.9	322.2	366.0	377.3	405.2
Value of transactions (Rs. bn)	59,551.0	84,432.0	93,377.9	92,302.7	100,473.1
Retail Value Payment Systems					
Main Cheque Clearing System (b)					
Volume of transactions ('000)	48,051.8	49,325.7	51,995.8	51,963.3	50,352.2
Value of transactions (Rs. bn)	7,640.5	8,434.0	9,601.5	10,481.9	10,528.4
Sri Lanka Interbank Payment System (SLIPS)					
Volume of transactions ('000)	20,421.5	23,279.3	26,646.7	30,017.8	32,943.3
Value of transactions (Rs. bn)	893.5	1,169.1	1,457.5	1,725.0	1,972.2
Credit Cards					
No. of cards in use (g)	1,032,833	1,145,055	1,315,915	1,486,545	1,715,369
Volume of transactions ('000)	23,631.9	26,334.7	31,857.7	36,964.2	43,599.8
Value of transactions (Rs. bn)	134.6	154.2	182.1	198.5	241.8
Debit Cards (e)					
No. of cards in use (g)	13,591,317	15,243,811	17,732,516	19,702,875	22,329,928
Volume of transactions ('000)	22,699.5	30,686.4	38,083.5	46,963.8	56,595.1
Value of transactions (Rs. bn)	61.9	83.1	108.0	134.5	158.7
ATM Terminals (f)					
No. of ATM Terminals (g)	3,344	3,572	3,874	4,206	4,618
Volume of transactions ('000)	176,060.6	203,113.0	223,680.2	238,249.9	253,759.8
Value of transactions (Rs. bn)	1,337.8	1,731.5	2,082.6	2,395.7	2,744.9
POS Terminals					
No. of POS Terminals (g)	34,904	40,539	43,355	48,828	62,652
Volume of transactions ('000)	45,035.6	54,604.6	70,024.0	83,988.3	102,893.4
Value of transactions (Rs. bn)	230.4	278.5	359.0	432.7	538.4
Mobile Phone Banking					
Volume of transactions ('000)	717.6	1,980.3	3,433.0	3,799.4	8,168.0
Value of transactions (Rs. bn)	7.8	11.3	14.6	31.4	142.4
Internet Banking					
Volume of transactions ('000)	10,817.8	13,725.2	18,163.6	23,065.6	26,978.8
Value of transactions (Rs. bn)	983.8	1,204.9	1,588.6	2,100.6	2,933.0
Tele-banking					
Volume of transactions ('000)	14.2	12.5	11.1	9.3	8.3
Value of transactions (Rs. bn)	1.0	1.0	0.9	0.7	0.9
Transactions cleared through CCAPS					
Common ATM Switch (CAS) (c)(f)(h)					
Volume of transactions ('000)	5,679.6	12,973.4	22,803.2	32,921.2	40,464.4
Value of transactions (Rs. bn)	34.8	89.9	173.0	264.1	344.6
Common Electronic Fund Transfer Switch (CEFTS) (d)					
Volume of transactions ('000)	-	16.6	894.7	3,163.4	7,233.6
Value of transactions (Rs. bn)	-	1.0	69.4	273.7	660.3
(a) Provisional (b) Total cheques cleared through LCPL (c) Implemented on 23 July 2013 (d) Implemented on 21 August 2015 (e) Transactions carried out at POS terminals (f) Cash withdrawals at ATMs (g) As at end period (h) Revised					

Table: 26

Key Indicators

Indicator	2014	2015	2016	2017	2018 (a)
1. Currency in circulation as a percentage of GDP	4.0	4.5	4.6	4.5	4.4
2. Per capita Currency in Circulation value (Rs.)	20,071	23,452	26,071	27,889	29,577
3. Currency (held by Public) as a percentage of GDP	3.2	3.5	3.6	3.3	3.3
4. Per capita RTGS transaction value (Rs.)	2,867,025	4,027,091	4,403,996	4,304,362	4,636,505
5. RTGS transactions value as a percentage of GDP	575	771	778(d)	688(d)	695
6. RTGS transactions Concentration ratio (Based on the value of top five participants)	53.5	59.2	49.9	55.1	53.6
7. Per capita Cheque usage (c)	2.3	2.4	2.5	2.4	2.3
8. Per capita Cheques transaction value (Rs.)	367,843	402,271	452,836	488,804	485,851
9. Cheque transaction value as a percentage of GDP	73.7	77.0	80.0(d)	78.1(d)	72.9
10. Per capita SLIPS transaction value (Rs.)	43,017	55,762	68,741	80,444	91,010
11. SLIPS transaction value as a percentage of GDP	8.6	10.7	12.1(d)	12.9(d)	13.6
12. Per capita Debit Card transaction value (Rs.)(e)	2,980	3,963	5,096	6,274	7,325
13. Per capita Credit Card transaction value (Rs.)	6,479	7,352	8,589	9,259	11,158
14. Per capita Internet banking transaction value (Rs.)	47,366	57,467	74,925	97,956	135,347
15. Per capita Mobile banking transaction value (Rs.)	378	539	688	1,466	6,570
16. Per capita Tele banking transaction value (Rs.)	50	48	45	34	42
17. Number of POS terminals per 1,000 inhabitants	1.7	1.9	2.0	2.3	2.9
18. Number of ATM terminals per 1,000 inhabitants	0.16	0.17	0.18	0.20	0.21
19. GDP at current Market prices (Rs. billion) (b)	10,361	10,951	11,996(d)	13,418(d)	14,450
20. Mid-Year Population ('000) (b)	20,771	20,966	21,203	21,444	21,670
(a) Provisional (b) Based on the summary indicators 2010 to 2018, Department of Census and Statistics, Sri Lanka (c) Total cheques cleared through LCPL (d) Revised (e) Transactions carried out at POS terminals					

Table: 27

Licensed Service Providers (As at 31 December 2018)

Institution		Classes of Business						
		Issuer of Payment Cards				Financial Acquirer of Payment Cards	Operator of Customer Account Based Mobile Payment System	Operator of mobile Phone Based e-money System
		Debit Card	Credit Card	Stored Value Card	Charge Card			
a) Licensed Commercial Banks		19	14	8	-	9	11	-
1	Amana Bank PLC	✓						
2	Axis Bank Ltd	✓						
3	Bank of Ceylon	✓	✓	✓		✓	✓	
4	Cargills Bank Ltd	✓	✓			✓	✓	
5	Commercial Bank of Ceylon PLC	✓	✓	✓		✓	✓	
6	DFCC Bank PLC	✓	✓					
7	Habib Bank Ltd	✓						
8	Hatton National Bank PLC	✓	✓	✓		✓	✓	
9	ICICI Bank Ltd	✓						
10	National Development Bank PLC	✓	✓	✓		✓	✓	
11	Nations Trust Bank PLC	✓	✓	✓		✓	✓	
12	Pan Asia Banking Corporation PLC	✓	✓				✓	
13	People's Bank	✓	✓	✓		✓	✓	
14	Sampath Bank PLC	✓	✓	✓		✓	✓	
15	Seylan Bank PLC	✓	✓	✓		✓	✓	
16	Standard Chartered Bank	✓	✓				✓	
17	State Bank of India	✓						
18	The Hongkong & Shanghai Banking Corporation Ltd (HSBC)	✓	✓					
19	Union Bank of Colombo PLC	✓	✓					
b) Licensed Specialised Banks		2	-	-	-	-	1	-
20	National Savings Bank	✓					✓	
21	Sanasa Development Bank PLC	✓						

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Licensed Service Providers of Payment Cards and Mobile Payment Systems

Institution		Classes of Business						
		Issuer of Payment Cards				Financial Acquirer of Payment Cards	Operator Customer Account Based Mobile Payment System	Operator of mobile Phone Based e-money System
		Debit Card	Credit Card	Stored Value Card	Charge Card			
c) Finance Companies		11	3	-	-	-	-	-
22	Central Finance Co PLC	√						
23	Citizens Development Business Finance PLC	√	√					
24	Commercial Leasing & Finance PLC	√						
25	L B Finance PLC	√						
26	LOLC Finance PLC	√	√					
27	Melsta Regal Finance Ltd	√						
28	People's Leasing & Finance PLC	√						
29	Senkadagala Finance PLC	√						
30	Singer Finance (Lanka) PLC	√	√					
31	The Finance Co PLC	√						
32	TKS Finance Ltd	√						
d) Non-Finance Institutions		-	-	1	-	1	-	2
33	Global Payments Asia - Pacific Lanka (Private) Limited					√		
34	Dialog Axiata PLC			√				√
35	Mobitel (Pvt) Ltd							√
Total		32	17	9	-	10	12	2

Acts	
01	Monetary Law Act, No. 58 of 1949
02	Payment and Settlement Systems Act, No. 28 of 2005
Regulations	
01	Money, Payment, Clearing and Settlement Service Providers Regulation No. 01 of 2007
02	Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013
Directions	
01	General Direction No. 01 of 2006 - Cheque Imaging and Truncation System (CITS)
02	General Direction No. 01 of 2011 - Sri Lanka Interbank Payment System (SLIPS)
03	General Direction No. 01 of 2013 - Operations of the Common ATM Switch
04	General Direction No. 03 of 2013 - Service Norms and Standard Times for Accepting Cheque Deposits and Crediting Proceeds
05	General Direction No. 01 of 2014 - Fees Chargeable on the Transactions Effected through the Common ATM Switch
06	Direction No. 01 of 2018 - Acquiring Payment Card based Electronic Commerce Transactions through Service Providers
07	General Direction No. 01 of 2018 - Operations of the Common Electronic Fund Transfer Switch
08	General Direction No. 02 of 2018 - Operations of the Common Point-of-Sales Switch
Guidelines	
01	Guidelines No. 01 of 2006 on Business Continuity Planning to Licensed Commercial Banks, Primary Dealers, Central Depository System (Pvt.)Ltd. and LankaClear(Pvt.) Ltd.
02	Credit Card Operational Guidelines No. 1 of 2010
03	Mobile Payments Guidelines No. 1 of 2011 for the Bank-led Mobile Payment Services
04	Mobile Payments Guidelines No. 2 of 2011 for Custodian Account Based Mobile Payment Services
05	Guideline No. 01 of 2018 on Minimum Compliance Standards for Payment related Mobile Applications
Circulars	
01	Payment and Settlement Systems Circular No. 02 of 2015 - Maximum Limit on Transaction Fees of Sri Lanka Interbank Payment System
02	Payment and Settlement Systems Circular No. 03 of 2015 - Operator charges and Maximum Limit on Transaction Fees of LankaSettle System
03	Payment and Settlement Systems Circular No. 07 of 2015 - Timelines for Joining Common Card And Payment Switch – LankaPay
04	Payment and Settlement Systems Circular No. 08 of 2017 - Maximum Limits on Transaction Value and Fees of Common Electronic Fund Transfer Switch
05	Payment and Settlement Systems Circular No. 09 of 2017 - Amendment to Daily Operating Schedule of the LankaSettle System
06	Payment and Settlement Systems Circular No. 06 of 2018 – Establishment of a National Quick Response Code Standard for Local Currency Payments
07	Payment and Settlement Systems Circular No. 07 of 2018 – Liability Manager Limits in LankaPay Common ATM Switch and LankaPay Common Electronic Fund Transfer Switch

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 the 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	February	Establishment of National Payments Council (NPC)
	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
	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
		Lanka Financial Services Bureau Ltd. was incorporated in June 2007 under the Companies Act 2007
	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	March	Inauguration of the SAARC Payments Initiative and the first meeting of the SAARC Payments Council (SPC) was held in Colombo, Sri Lanka
	April	Lanka Financial Services Bureau Ltd. began its live operations
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 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 settlement 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 Telephone 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 on the Operations of the Common ATM Switch
	June	The Payment Cards 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. 01 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 on the fees chargeable on the transactions effected through the CAS
2014	February	The General Direction No. 01 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. 02 of 2014 on the operations of the Common Electronic Fund Transfer Switch
2015	August	LankaClear (Pvt) Ltd. launched the Common Electronic Fund Transfer Switch- (CEFTS) as the second Phase of CCAPS LankaClear (Pvt) Ltd. launched Shared ATM switch(SAS) with the participation of the Regional Development Bank CBSL issued the Payments and Settlements Systems Circulars; - No. 01 of 2015 on the Maximum Limits on Transaction Value and fees of Common Electronic Fund Transfer Switch
	September	CBSL issued the Payment and Settlement Systems Circulars; - No. 02 of 2015 on Maximum Limit on Transaction fees of Sri Lanka Interbank Payment System - No. 03 of 2015 on Operator Charges and Maximum Limit on Transaction fees of LankaSettle System
	November	CBSL issued the Payment and Settlement Systems Circulars; - No. 07 of 2015 on the Timelines for Joining Common Card and Payment Switch – LankaPay
	October	LankaClear (Pvt.) Ltd. introduced an online system to transfer the cheque image from the bank to LankaClear (Pvt.) Ltd.

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

2017	July	LankaClear (Pvt) Ltd. implemented LankaPay Online Payment Platform (LPOPP) to facilitate online Customs payments from commercial banks
	October	Daily Operating Schedule of the LankaSettle System was amended to implement 3 rd Clearing Cycles for the fund settlement of Sri Lanka Interbank Payment System (SLIPS)
2018	January	CBSL issued the Direction on Acquiring Payment Card based Electronic Commerce Transactions through Service Providers CBSL issued the Guidelines on Minimum Compliance Standards for Payment related Mobile Applications
	July	CBSL issued the General Direction No. 01 of 2018 on Operations of the Common Electronic Fund Transfer Switch
	August	CBSL issued the General Direction No. 02 of 2018 on Operations of the Common Point-of-Sales Switch
	October	CBSL issued the Payment and Settlement Systems Circular No. 06 of 2018 on Establishment of a National Quick Response Code Standard for Local Currency Payments CBSL issued the Payment and Settlement Systems Circular No. 07 of 2018 on Liability Manager Limits in LankaPay Common ATM Switch and LankaPay Common Electronic Fund Transfer Switch