



# CENTRAL BANK'S POLICY AGENDA for 2026 and Beyond

08 January 2026

**In 2025, Sri Lanka made notable strides  
in strengthening macroeconomic stability  
while advancing policy reforms**



**Trade policy uncertainties, financial market volatilities, and geopolitical tensions **dented** the global economic outlook**



**Building resilience is not a choice,  
but a necessity,  
and at the core of resilience lies  
macroeconomic **STABILITY****



**The Central Bank will **remain committed** to  
fulfilling its mandate of  
maintaining domestic price stability and  
safeguarding financial system stability**



# ENSURING PRICE STABILITY IN THE ECONOMY



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In 2025, the Central Bank **further eased** its  
accommodative monetary policy stance



In operating under a FIT framework,  
the Central Bank has always recognised that  
**transparency, credibility, and accountability** are  
essential to effectively anchor  
inflation expectations



The agreement reached with the Government on the inflation target of **5%** in 2023, along with the provisions of the Central Bank Act, ensures that the Central Bank **remains accountable** for achieving the inflation target



**Inflation is expected to continue to  
gradually rise in 2026,  
reaching the target by  
the second half of the year**



There are both **upside** and **downside risks** to inflation arising from the devastation caused by the Cyclone



**Continuing the growth momentum reported  
during the last two years,  
the economy is expected to grow by  
around **4 - 5%** in 2026**



**The Central Bank remains vigilant about any possible **supply-side shocks** that can affect the general price level and inflation expectations**



**External sector faced significant challenges  
amidst elevated global uncertainties**



**External current account is estimated to  
have registered a surplus  
for the **third consecutive year****



**Gross Official Reserves surpassed  
USD 6.8 bn by end 2025,  
the highest level of reserves recorded  
since the crisis**

*Note - GOR value includes the swap facility with the People's Bank of China (PBoC)*



**The Central Bank remains committed to  
building reserves through market purchases  
in order to meet the country's  
reserve adequacy requirements**



**Government's continued commitment  
to fiscal consolidation is  
highly commendable while  
Sustaining fiscal discipline also  
supports the Central Bank's policy objectives**



**Monetary policy decision-making  
will continue to be **data-driven****



**The ongoing efforts to strengthen the  
Modelling and Forecasting capacity  
will be continued**



**The Central Bank will continue to  
enhance **real-time** economic surveillance**



**There will be a  
review of the agreement  
with the Government regarding the  
**inflation target** this year**



**The Central Bank's monetary policy communication strategy will focus on **accessibility** and **inclusivity** in disseminating accurate information**



**The Central Bank stands ready to  
manage liquidity in line with  
the monetary policy stance to ensure  
that short-term interest rates  
remain aligned with the  
**desired policy path****



**The Central Bank aims to strengthen its  
monetary policy implementation framework  
by introducing enhancements to the  
existing infrastructure**



# Several modifications to the **SRR framework** will be implemented

**Redefining the Reserve Maintenance Period (RMP)**

**Phased removal of the till-cash concession given to banks**

**Increase in the daily minimum reserve requirement**



**A benchmark intra-day reference exchange rate  
will be introduced in 2026 to foster a  
transparent forex market**



**The base years for the  
NEER and REER indices  
will be updated**



**The Central Bank's reserve management  
will continue to be guided  
by the 3 core principles:  
**Safety, Liquidity** and **Return****



# Monetary Policy Advance Release Calendar - 2026

Cycle No.	Monetary Policy Board Meeting	Monetary Policy Announcement
1	27 January	28 January <i>Monetary Policy Report - on or before 15 February</i>
2	24 March	25 March
3	25 May	26 May
4	21 July	22 July <i>Monetary Policy Report - on or before 15 August</i>
5	29 September	30 September
6	19 November	20 November



# SECURING FINANCIAL SYSTEM STABILITY



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# Financial system continued to show **resilience** in 2025



**Banking sector and finance companies  
recorded notable improvements, driven by  
improved asset quality, enhanced operational  
efficiency, and stronger profitability**



**During 2025, the Central Bank  
took several targeted measures to  
safeguard the **systemic stability****



**Analytical capabilities were strengthened,  
thereby improving interconnectedness and  
contagion analysis**



**The Central Bank is in the process of establishing **coordinated data-sharing arrangements** between the Central Bank and other financial sector regulators**



**In response to the cyclone impact,  
the Central Bank directed banks and  
financial institutions to provide  
**immediate relief measures,**  
including moratoria and targeted support**



**Recurring natural disasters remind  
us of the broader risks  
climate-related shocks pose to  
financial system stability and  
highlight the importance of building buffers  
during periods of stability**



**Strengthening systemic risk oversight  
and enhancing the resilience of the  
banking sector through the  
Countercyclical Capital Buffer (CCyB) framework  
remains a key priority**



**Sri Lanka Green Finance Taxonomy**  
**will be broadened in 2026**  
**to include the social dimensions of**  
**sustainable finance**



**The Central Bank continued to implement  
prudential policy measures and  
regulatory initiatives aimed at  
strengthening the safety, soundness, and  
resilience of the financial sector**



**Continuous supervision will be further strengthened through a **comprehensive review** of the regulatory framework applicable to the banking sector**



**The legal framework governing the non-bank financial sector is expected to be reviewed in 2026**



**The Central Bank's efforts to develop a  
more resilient financial sector  
will continue under  
the Master Plan for the consolidation  
of banks and finance companies**



**The Central Bank made significant progress  
during 2025 in strengthening  
Sri Lanka's financial sector resolution framework  
with a strong focus on enhancing  
institutional readiness**



**With the support of the World Bank,  
further enhancements to the  
Sri Lanka Deposit Insurance Scheme  
are envisaged**



**Supervisory oversight in relation to  
market conduct and  
financial consumer protection  
was further reinforced**



The Central Bank will further **enhance** its supervisory processes to enable the **early identification** of emerging consumer-related risks, **address** unfair market practices, and **reinforce** disclosure and transparency requirements



**In 2025, significant progress was made in enhancing the digitalisation, efficiency, and accessibility of the national payment system**



**Legal reforms relating to  
payment and settlement systems  
are expected to be undertaken in 2026**



# OTHER POLICIES AND FUNCTIONS OF THE CENTRAL BANK



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**Beyond its core mandate, the Central Bank  
has enhanced its efforts in  
promoting financial inclusion**



**Phase II of the  
National Financial Inclusion Strategy (NFIS)  
is expected to be formulated in 2026**



**In 2025, the Central Bank expedited  
the gradual relaxation of  
capital flow measures imposed since 2020**



**Comprehensive review of the existing  
foreign exchange policy framework  
will continue in 2026**



**In 2025, the Financial Intelligence Unit  
of Sri Lanka strengthened the  
national AML/CFT/CPF framework  
further with greater collaboration  
with its stakeholders**



**Sri Lanka's **third Mutual Evaluation**  
on its AML/CFT/CPF framework  
will be a major milestone in 2026**



**The Mutual Evaluation is a coordinated effort,  
involving both public and private sectors,  
including key ministries**



It is **imperative** that Sri Lanka  
approaches the Mutual Evaluation  
from a **position of strength**



# Employees' Provident Fund will introduce **major service and system upgrades**



# FISCAL, MONETARY AND FINANCIAL STABILITY POLICY COORDINATION



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**The Coordination Council serves  
as the primary platform  
for fiscal, monetary and  
financial stability policy coordination**



**The Central Bank's public accountability  
and policy transparency  
are further reinforced through its  
regular engagements with the Parliament**



**Effective fiscal-monetary-financial sector coordination will remain essential as the economy transitions from recovery to an enhanced growth phase**



# TRANSITION TO A FUTURE-READY CENTRAL BANK



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# People Aspect: Advancing Human Resource Strategies



# Processes Aspect: Strengthening Governance and Efficiency



# Systems Aspect: Driving Digital Transformation and Data Integration



# CONCLUDING REMARKS



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**After a prolonged period of  
unprecedented challenges,  
Sri Lanka enters the new year with  
**broadly stabilised** macroeconomic conditions**



- The period ahead calls for a decisive shift  
from RECOVERY to RESILIENCE by**
- ***Strengthening*** policy credibility
  - ***Reinforcing*** economic buffers, and
  - ***Enhancing*** the economy's capacity to absorb shocks



**The Central Bank will remain steadfast in **fulfilling its mandate** of maintaining price stability and financial system stability while setting the platform for sustainable and inclusive economic growth**



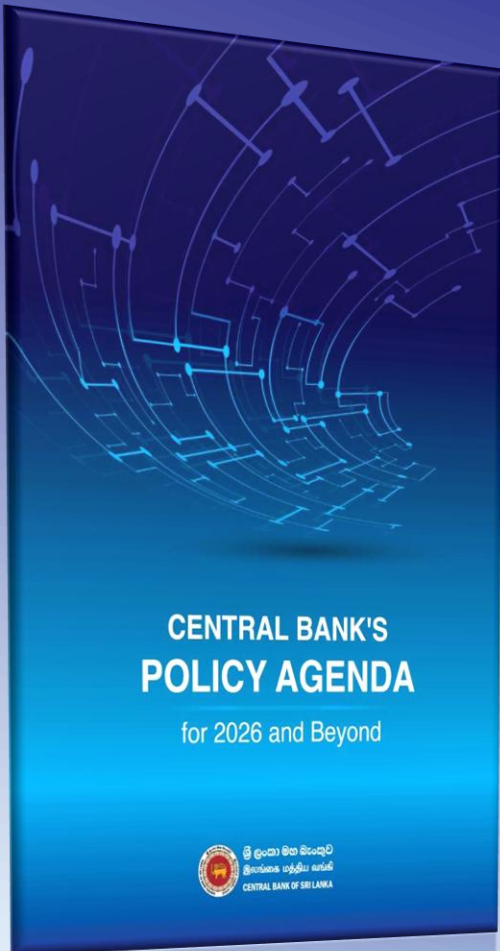
**We wish you a NEW YEAR marked by  
RESILIENCE, STABILITY, and GROWTH**



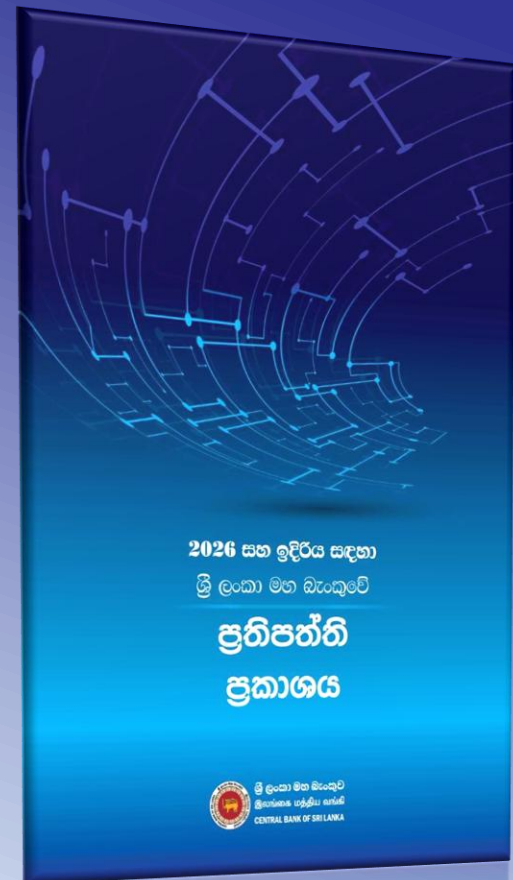


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**2026 இற்கும் அதற்கு  
அப்பாலுக்குமான  
இலங்கை மத்திய வங்கியின்  
கொள்கை  
அறிக்கை**



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