



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 02 OF 2017 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017
Directions issued to Authorized Dealers on Electronic Fund Transfer Cards (EFTCs)

In terms of Sections 9 (1) and 9 (2) of the Foreign Exchange Act, No. 12 of 2017 (the Act) read with Sections 6 and 7 of the Act, Authorized Dealers are permitted to issue EFTCs to persons in Sri Lanka for making payments in foreign exchange to persons resident outside Sri Lanka, subject to the following.

2. Authorized Dealers shall ensure that EFTCs issued to a person in Sri Lanka (i.e., card holder) shall be used for the following.
 - (a) Any payment to a person resident outside Sri Lanka for a current transaction of personal nature other than for the use of payment for import of goods to Sri Lanka for commercial purpose.
 - (b) Any payment to a person resident outside Sri Lanka for any purpose, where an EFTC is issued against a Business Foreign Currency Account (BFCA) or a Personal Foreign Currency Account (PFCA).
 - (c) Any payment to a person resident outside Sri Lanka for any purpose, where a debit card is issued against a Diplomatic Foreign Currency Account (DFA) or an Inward Investment Account (IIA).
3. Authorized Dealers shall issue debit cards against monies lying to the credit of accounts of the cardholders.
4. Authorized Dealers shall issue EFTCs subject to the condition that, if the cardholder migrates or leaves Sri Lanka for employment abroad, the card issued to such person in Sri Lanka shall be surrendered to the card issuing bank, except in the event that an EFTC is issued only against the funds lying to the credit of a PFCA or a BFCA and on the basis that outstanding amounts are settled from inward remittances or transfers from foreign currency accounts.
5. Authorized Dealers shall make aware cardholders to keep evidence in respect of withdrawal of foreign currencies using a debit card or obtaining cash advance through a credit card, that such currencies have been utilized for the transactions permitted under Paragraph 2 (a) of these Directions.



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6. Authorized Dealers may issue corporate cards (credit cards or debit cards) to the corporate clients of the bank, in the names of designated employees or directors of such corporate entities/institutions, as per an approved internal procedure for making any payment in foreign exchange related to current transactions, other than for the use of payment for import of goods to Sri Lanka for commercial purpose.
7. Authorized Dealers may issue EFTCs that involve a credit facility (i.e., credit cards) to the following, upon implementing necessary internal controls and mechanisms to mitigate credit risk.
 - (a) To foreign citizens who hold diplomatic passports and diplomatic identity cards issued by the Ministry of Foreign Affairs in Sri Lanka.
 - (b) To persons resident outside Sri Lanka only up to a limit of 90% funds available in the foreign currency accounts in Sri Lanka of such person held as collateral, where settlement of expenditure incurred on such EFTCs shall be through inward remittances from abroad or settled with transfers made from foreign currency accounts.
8. Authorized Dealers shall direct cardholders to seek prior written permission of the Director-Department of Foreign Exchange, for any payment to a resident outside Sri Lanka through an EFTC for any purpose which falls outside the purview of these Directions.
9. **Other Requirements**
 - 9.1. Authorized Dealers shall avail and apprise customers on the existing regulations on EFTCs and obtain a declaration from such applicants as per the Annex I.
 - 9.2. Authorized Dealers shall exercise due diligence and take immediate actions to suspend foreign exchange payments from EFTCs and bring the matter to the attention of Director-Department of Foreign Exchange, if reasonable grounds exist to suspect that any cardholder incurs expenditure in foreign exchange for unauthorized transactions.
 - 9.3. Authorized Dealers shall ensure that only permitted transactions as specified in these Directions are carried out by cardholders using EFTCs.



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- 9.4. Authorized Dealers shall identify each cardholder's transactions in foreign exchange and in Sri Lanka Rupees, separately.
- 9.5. The EFTCs already issued under the provisions of the repealed Exchange Control Act, No. 24 of 1953 shall be subject to the terms set out in these Directions.

10. Monthly Reporting

- 10.1. Authorized Dealers shall submit details of all transactions in respect of cardholders who have incurred expenditure in foreign exchange, inclusive of cash drawings in foreign currency subject to the following threshold limits, to the Director-Department of Foreign Exchange only electronically through the Foreign Exchange Transactions Monitoring System – FOREX Net ([https:// www. cbsl.lk/ forexnet](https://www.cbsl.lk/forexnet)) on monthly basis.
- (a) Single transactions exceeding USD 5,000 or its equivalent in any other foreign currency.
- (b) Multiple transactions during a calendar month with the cumulative usage exceeding USD 10,000 or its equivalent in any other foreign currency.

11. For purposes of these Directions

- (i). **“Electronic Fund Transfer Card (EFTC)”** shall mean, a card or a device that enables the user to transfer value in credit, debit or any other form and includes credit cards, debit cards and stored value cards where transaction details could be identified by the Authorized Dealers for the purposes of being compliant with the provisions of the Foreign Exchange Act;
- (ii). **“Debit Card”** shall mean, a payment card that may be used to withdraw cash and/or execute payments for purchase of goods and services, by directly debiting from the credit balance of the cardholder's account;
- (iii). **“Credit Card”** shall mean, a payment card which involves a line of credit granted by the issuer to the card holder, where the credit utilized can be settled in full or in part on or before a specified date. The issuer may charge interest or other charges on any amount not settled on the specified date;



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(iv). **“Personal”** shall mean, for the use of the holder of the card, spouse, children and parents and does not include use for any commercial purpose.

A handwritten signature in black ink, appearing to be 'A. M. Jayasinghe'.

Director-Department of Foreign Exchange

20 November 2017



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Annex I to the Directions No. 02 of 2017

(To be included in the Electronic Fund Transfer Card (EFTC) application or EFTC agreement that the cardholder/s enter/s into with the bank)

CENTRAL BANK OF SRI LANKA

Declaration by the Applicant/s for Electronic Fund Transfer Cards

To: Director-Department of Foreign Exchange

(To be filled by the Applicant/s to obtain foreign exchange against Credit/Debit or any other Electronic Fund Transfer Card)

I/We.....(Basic Cardholder/ Supplementary Cardholder), (Basic Cardholder/ Supplementary Cardholder) declare that all details given above by me/us on this form are true and correct.

I/We hereby confirm that I/We am/are aware of the conditions imposed under the provision of the **Foreign Exchange Act, No. 12 of 2017** (the Act) on Electronic Fund Transfer Cards (EFTCs) subject to which the card may be used for transactions in foreign exchange and I/We hereby undertake to abide by the said conditions.

I/We further agree to provide any information on transactions carried out by me/us in foreign exchange on the card issued to me/us as.....bank may require for the purpose of the Act.

I/We am/are aware that the Authorized Dealer (bank) is required to suspend availability of foreign exchange on EFTC if reasonable grounds exist to suspect that unauthorized foreign exchange transactions are being carried out on the EFTC issued to me/us and to report the matter to the Director-Department of Foreign Exchange.

I/We also affirm that I/We undertake to surrender the Credit Card/s to.....bank, if I/We migrate or leave Sri Lanka for employment abroad, as applicable.

.....

DD.MM.YY

.....
Signature of the Basic Cardholder

.....
Signature of the Supplementary Cardholder

I, as the Authorized Officer have carefully examined the information together with relevant documents given by the applicant/s and satisfied with the bona-fide of these information and documents. I undertake to exercise due diligence on the transactions carried out by the cardholder on his/her EFTC in foreign exchange and to suspend the availability of foreign exchange on the EFTC if reasonable grounds exist to suspect that unauthorized foreign exchange transactions are being carried out on the EFTC in violation of the undertaking and to bring the matter to the notice of the Director-Department of Foreign Exchange.

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DD.MM.YY

.....
Signature of the Authorized Officer