



**CENTRAL BANK OF SRI LANKA
BANK SUPERVISION DEPARTMENT**

13 March 2019

CIRCULAR

No. 04 of 2019

**NON-INTEREST BASED INCENTIVE SCHEMES
FOR INTEREST BEARING SAVINGS AND TIME DEPOSITS
OF LICENSED BANKS**

- 1 Objective 1.1 The Central Bank of Sri Lanka is of the view that offering non-interest based incentive schemes for mobilising of interest bearing savings and time deposits create undue competition among licensed banks while undermining the interest rate policies implemented by the Central Bank of Sri Lanka. Accordingly, licensed banks are informed to adhere to the following with immediate effect in order to promote market determined interest rates and fair competition to safeguard the interests of the depositors.
- 2 Incentive schemes not permitted 2.1 Licensed banks shall not conduct:
(i) lottery schemes/raffle draws.
(ii) gift schemes, etc.
that result in a disadvantageous situation for the customers where features of a financial product/service are distorted, e.g., relatively reduced interest rates on savings deposits, incorporating features of time deposits to savings accounts.
- 3 Permitted gift schemes 3.1 Licensed banks may conduct gift schemes (seasonal/promotional) provided that:
(i) all customers of the relevant product, service or category of the product/service receive the offered gift,
(ii) applicable market interest rates are offered based on the nature of the product,
(iii) cost of the gifts is not charged to customers, and
(iv) no additional terms and conditions are imposed on customers with respect to the gifts offered.

J P Gamalath

Acting Director of Bank Supervision