



**MONETARY BOARD  
CENTRAL BANK OF SRI LANKA**

**27 April 2020**

**MONETARY LAW ACT ORDER**

**No. 01 of 2020**

**MAXIMUM INTEREST RATES ON PAWNING ADVANCES  
OF LICENSED BANKS**

Issued under Section 104(1)(b) of the Monetary Law Act, No. 58 of 1949, as amended.

Considering the necessity to provide relief to low income individuals who are pawning gold jewellery to meet short-term financing needs due to the adverse economic situation resulting from the COVID-19 outbreak, the Monetary Board hereby issues an Order on maximum interest rates of pawning advances granted by licensed commercial banks and licensed specialised banks (hereinafter referred to as licensed banks).

- |   |  |
|---|--|
| 1. Empowerment under the Monetary Law Act     | 1.1 In terms of Section 104(1)(b) of the Monetary Law Act, the Monetary Board may from time to time fix the maximum rates of interest which licensed banks may charge for different types of loans or other credit operations.   |
| 2. Applicability of this Order                | 2.1 This Order shall apply to the business of pawn broking, (hereinafter referred to as pawning) carried on by a licensed bank or any branch or agency of such bank.   |
| 3. Maximum interest rates on pawning advances | 3.1 The rate of interest chargeable by licensed banks on the money lent for pawning advances collateralised by personal articles made of gold accepted as a pledge, shall be 12% per annum or 1% per month for advances with a tenure of less than one year.<br>3.2 The above interest rate shall be applied to all new pawning advances and existing pawning facilities that become due for renewal commencing the date of the Order. |

**Prof. W D Lakshman**

*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*