

GOVERNING BOARD CENTRAL BANK OF SRI LANKA

15 November 2023 BANKING (SPECIAL PROVISIONS) ACT DIRECTIONS No. 01 of 2023

Administration and Management of the Sri Lanka Deposit Insurance Scheme

In the exercise of the powers conferred on the Central Bank of Sri Lanka by the Banking (Special Provisions) Act, No. 17 of 2023 (hereinafter referred to as "the Act"), the Central Bank of Sri Lanka hereby issues the following Directions to member institutions of the Sri Lanka Deposit Insurance Scheme (hereinafter referred to as "the Scheme").

1 Citation

These Directions may be cited as the "Banking (Special Provisions) Act, Directions No. 01 of 2023".

2 Administration and management of the Scheme

In terms of Section 40 (3) of the Act, the Director of the Deposit Insurance and Resolution Department of the Central Bank of Sri Lanka shall have the power, duty and function relating to day-to-day administration and management of the Scheme.

3 Member
Institutions to be
governed by the
Scheme

Every Licensed Commercial Bank and Licensed Specialized Bank (Licensed Bank) within the meaning of the Banking Act, No. 30 of 1988, as amended, every Licensed Finance Company within the meaning of the Finance Business Act, No. 42 of 2011, and any other institution as the Central Bank of Sri Lanka may determine, from time to time, as a member institution under the Act, shall be a "Member Institution" of the Scheme.

4 Member institutions to insure deposits under the Scheme

Eligible deposits to be insured shall include demand deposit, time deposit including certificates of deposit and savings deposit, other than;

- (a) the deposit liabilities specified in Section 43(3) of the Act
- (b) debt instruments including any promissory note and hybrid equity.
- 5 The maximum amount of compensation
- (i) The compensation payable in respect of insured deposits of a Member Institution will be computed on a "per-depositor" basis, aggregating all insured deposit liabilities of each depositor denominated in any currency, inclusive of any interest accrued as at the date of the cancellation of the licence of the Member Institution and no interest shall be paid for the succeeding period.



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- (ii) In terms of the Section 44 (9) and 44 (10) of the Act,
 - (a) the amount of compensation payable to a depositor of insured deposits shall be limited to the total insured deposits computed as above, subject to a maximum amount of Rupees One Million and One Hundred Thousand (Rs.1,100,000) in respect of both LKR deposits and foreign currency deposits.
 - (b) In the case of foreign currency deposits, the compensation payment will be its equivalent in LKR, subject to the said maximum amount of Rupees One Million and One Hundred Thousand (Rs. 1,100,000).
- (iii) The depositor of insured deposits of the Member Institutions whose licences have been cancelled or suspended, as the case may be, prior to 06.08.2021 shall be entitled to receive compensation, subject to a maximum of Rupees One Million and One Hundred Thousand (Rs.1,100,000) and
 - shall be entitled to receive compensation in so far as such depositor submits a duly completed claim for compensation before expiration of four years from the date of the cancellation or suspension of the licence issued to such member institution.
- (iv) The depositor of insured deposits of the member institutions of whose licences have been cancelled on or after 06.08.2021, shall be entitled to receive compensation, subject to a maximum of Rupees One Million and One Hundred Thousand (Rs.1,100,000) in so far as such depositor submits a duly completed claim for compensation within six years from the date of cancellation of the licence issued to the member institution.
- 6 Financial
 Statements of the
 Deposit Insurance
 Fund

Financial year of the Sri Lanka Deposit Insurance Scheme shall be the calendar year.

- 7 Member
 Institutions to pay a premium to the Deposit Insurance
 Fund
- (i) In order to pay the premium, Member Institutions shall calculate premia, effective until further notice, as follows:
 - (a) Licenced Banks that maintained a capital adequacy ratio of 14 per cent or above at the end of the immediately preceding



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financial year as per its audited accounts as accepted by the Director of Bank Supervision - a premium of 0.10 per cent per annum payable quarterly calculated on total amount of all eligible deposits, inclusive of any interest accrued, as at the end of the quarter.

- (b) All other Licensed Banks s a premium of 0.125 per cent per annum payable quarterly calculated on total amount of all eligible deposits, inclusive of any interest accrued, as at the end of the quarter.
- (c) Licensed Finance Companies a premium of 0.15 per cent per annum payable monthly calculated on total amount of all eligible deposits, inclusive of any interest accrued, as at the end of the month.
- (ii) Each Member Institution shall remit the applicable amount of the premium to the account of the Sri Lanka Deposit Insurance Fund within a period of fifteen (15) calendar days from the end of the respective quarter/month and submit the details of deposits and calculation of premium in a format specified by the Director of the Deposit Insurance and Resolution Department of the Central Bank.
- (iii) As per Section 55 (2), in the event of a default including a delay or an under payment of payment of premium, a penalty will be levied on the defaulted amount for the period of such default at the prevailing weighted average 91 days primary Treasury bill yield rate plus 200 basis points or as may be determined by the Central Bank.

8 Repeal of regulations

Member institutions are hereby informed that the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations No. 02 of 2021 published in the Gazette Extraordinary No. 2239/52 dated 06th August 2021, are repealed with effect from 15th November 2023.

Dr. P. Nandalal Weerasinghe

Chairman of the Governing Board and Governor of the Central Bank of Sri Lanka