



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

24 April 2020

FINANCE BUSINESS ACT DIRECTIONS

No. 4 of 2020

AMENDMENTS TO THE MAXIMUM INTEREST RATES ON DEPOSITS AND DEBT INSTRUMENTS

Issued under Section 12 of the Finance Business Act, No. 42 of 2011

The Monetary Board hereby issues Direction on maximum interest rates to be paid in respect of deposits and debt instruments of Licensed Finance Companies (LFCs).

1. The following will replace Direction 1.1.(i) and Direction 1.2 of the Finance Business Act Direction No.01 of 2019 on Maximum Interest Rates on Deposits and Debt Instruments of LFCs.
 - 1.1. The maximum interest rates that may be offered or paid by an LFC on Sri Lanka Rupee (LKR) deposits shall;
 - (i) Not exceed the interest rates derived in accordance with Table 01 below;

**Table 01
Maximum Interest Rates at Maturity for deposits of LFCs**

Tenure of Deposit	Maximum Interest Rate Per annum
Savings and other deposits of a tenure of less than 01 month or maturity is not specified	SDFR
Term Deposits	
01 month and less than 03 months	T-bill rate
03 months and less than 06 months	T-bill rate + 0.25%
06 months and less than 01 year	T-bill rate + 0.50%
01 year and less than 02 years	T-bill rate + 2.00%
02 years and less than 03 years	T-bill rate + 2.75%
03 years and less than 05 years	T-bill rate + 3.25%
05 years	T-bill rate + 3.75%



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

24 April 2020

FINANCE BUSINESS ACT DIRECTIONS

No. 4 of 2020

- 1.2. The maximum interest rates that may be offered or paid by an LFC on debt instruments shall not exceed the rates derived in accordance with Table 02 below;

**Table 02
Maximum Interest Rates at Maturity for debt instruments of LFCs**

Tenure of debt instruments	Maximum Interest Rate
Less than 01 year	T-bill rate + 0.50%
01 year and less than 02 years	T-bill rate + 2.75%
02 years and less than 03 years	T-bill rate + 3.25%
03 years and less than 05 years	T-bill rate + 3.75%
05 years	T-bill rate + 4.25%

2. The Finance Business Act Directions No. 03 of 2019 – Amendments to the Maximum Interest Rates on Deposits and Debt Instruments dated 18.10.2019 is withdrawn with effect from the date of this direction.

Prof. W D Lakshman

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