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NOTICE OF THE CENTRAL BANK OF SRI LANKA

THE MONETARY LAW ACT

REGULATIONS made by the Monetary Board of the Central Bank of Sri Lanka under Section 10(C) of the Monetary Law Act, No. 58 of 1949 (Chapter 422).

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

Colombo,
DDth Month, 2022

FINANCIAL CONSUMER PROTECTION REGULATIONS

PART I

PRELIMINARY PROVISIONS

1.0 Citation

- 1.1 These Regulations shall be cited as the Financial Consumer Protection (FCP) Regulations No. 1 of 2022.
- 1.2 These Regulations shall apply to the Financial Service Providers (FSPs) regulated by the Central Bank of Sri Lanka (CBSL). i.e. Licensed Commercial Banks (LCBs), Licensed Specialised Banks (LSBs), Licensed Finance Companies (LFCs), Specialized Leasing Companies (SLCs), Authorized Primary Dealers (APDs), Authorized Money Brokers (AMBs), Licensed Microfinance Institutions (LMIs), Participants of Payments and Settlement Systems, any other type of FSPs approved by Monetary Board, Financial consumers and agents of FSPs.
- 1.3 In the event of inconsistency between provisions of these regulations and any other subsidiary legislation issued by CBSL to ensure financial consumer protection, these regulations shall prevail.

PART II – Powers and Actions of Central Bank of Sri Lanka

2.0 Authority of Financial Consumer Relations Department (FCRD)

- 2.1 The FCRD of CBSL shall have the power to monitor, evaluate, and examine the implementation of FCP regulations by FSPs and perform activities connected to the FCP to maintain trust and confidence in the financial system of Sri Lanka.
- 2.2 For this purpose, the Director of Financial Consumer Relations Department (DFCRD), may, from time to time, issue directions, circulars, guidelines, and codes of conduct with a view to ensuring compliance by FSPs with these Regulations or any other matter connected to FCP and may carry out market conduct continuous supervision, on-site examination, and any other investigations as appropriate.
- 2.3 The DFCRD or any officer or any other person authorised by him in writing may at any time examine the books, records, accounts, documents, information and other activities of any FSPs. The DFCRD, if deemed necessary, may seek the assistance of relevant regulatory departments of CBSL with respect to investigations carried out on FSPs.

3.0 Under these regulations, the DFCRD or any officer or any other person authorised by him in writing, may do one or more of the following;

- 3.1 require any FSP, or a director, secretary, manager, employee, auditor, agent or contractor to furnish him within such time period or at such intervals and in such manner or form as he may specify, information as he considers necessary;
- 3.2 require any FSP or a director, secretary, manager, employee, auditor, agent or contractor of any FSP to produce for inspection books, records, files, registers, and such other documents, maintained in print, electronic or any other form, of such FSP and to provide authenticated copies in any form as required of such books, records, files, registers and such other documents;
- 3.3 enter the premises or storage area of any FSP and examine books, records, files, registers, and such other documents, maintained in print, electronic or any other form, of such FSP and may obtain copies, authenticated or otherwise, in any form of such books, records, files, registers and such other documents; and
- 3.4 call for information by notice in writing from any person who may be acquainted with or is aware of or is in possession of or appears to have information regarding the business or corporate affairs of any FSP and, if required, call such person for an interview.

4.0 Market Conduct Supervision

- 4.1 With a view to safeguard financial consumers, FCRD shall carry out risk-based market conduct supervision, depending on the nature, scale and complexity of the matter under consideration and/ or the market.
- 4.2 A report on Market Conduct Supervision shall be furnished to the DFCRD after the examination(s) is/are completed. In the opinion of the DFCRD, if the examination findings are adverse and contain any material violations of FCP regulations or any

- other directions, guidelines, or code of conduct, such report shall be submitted to the Monetary Board recommending one or more of the regulatory actions given under **regulation 6**.
- 4.3 Subject to the **regulation 4.1** DFCRD as and when deemed necessary may do one or more of the following;
- a. Direct FSPs to comply with the provisions of these Regulations or direction; guidelines or requirement made or imposed thereunder which such FSPs has failed to comply with, immediately or within such time period as may be specified therein;
 - b. Direct such FSP to take necessary action to correct the conditions resulting from such practice or contravention;
 - c. Issue a show cause letter or warning letter to any director, manager or employee of FSP on the possible regulatory action under these regulations; and
 - d. Refer the violation or concerned matter to the relevant prudential regulator for further investigation or regulatory action.

- 5.0** It shall be the duty of every person of FSP to comply with any requirement imposed on him under **regulation 3**. Any person who -
- (a) fails to provide any information or produce for inspection any book, record, file, register or such other document, material or object required under this regulation;
 - (b) fails to attend in person when called for an interview;
 - (c) provides false, incomplete or incorrect or misleading information, book, record, file, register or such other document, material or object; or
 - (d) obstructs the Director or any other person authorised by the Director of FCRD in the performance of any function,

shall be guilty of an offence under these Regulations and subject to regulatory actions under **regulation 6**.

- 6.0** Where the Monetary Board, on a report made under **regulation 4** by the DFCRD, is of the opinion that an FSP -
- 6.1 is carrying on or is likely to carry on its business following unsound or improper financial practices, which are detrimental to the interest of its financial consumers; or
 - 6.2 has contravened or failed to comply with any provisions of these regulations, or any direction, guidelines or requirement made or imposed thereunder;

The Monetary Board may do one or more of the following;

- i. Impose a penalty not exceeding five hundred thousand rupees payable within such period as may be specified by the Monetary Board;
- ii. Direct such FSP to cease any such practice;
- iii. Direct such FSP to take necessary action to correct the conditions resulting from such practice or contravention;
- iv. Direct the FSP to revise the features, terms or conditions of a product;

- v. Direct the FSP to remove a product from the market;
- vi. Direct the FSP to remove advertising from the market;
- vii. Direct the FSP compensate or refund consumers;
- viii. Publish the name of the FSP as an FSP regarding which the Board has serious supervisory concerns;
- ix. Restrain any director, manager or employee of FSP from carrying out any function in or in relation to FSP; and
- x. Remove any director, manager or employee of FSP.
- xi. .

7.0 FCRD may share information related to the actions under **Regulation 6** with prudential regulators on the written request or when the necessity arise.

8.0 Without prejudice to **regulation 2**, FCRD shall provide an out of the court dispute resolution mechanism to financial consumers of FSPs. The process and procedure with regard to financial consumer complaint handling are elaborated under **regulation 54**.

PART III - FCP REGULATIONS FOR FSPs

This part elaborates on the regulatory requirements that need to adhere to by FSPs as and when applicable in discharging the responsibilities mentioned above with regard to different aspects of FCP principles.

GOVERNANCE BY FINANCIAL SERVICE PROVIDERS

9.0 Responsibility of the Board of Directors

The Board of Directors (hereinafter referred to as the Board) of the FSP shall strengthen the FCP by:

- (a) Approving, adopting, and overseeing policies on FCP in compliance with provisions of these regulations;
- (b) ensuring that appropriate procedures and systems are in place for effective implementation of FCP policy, including internal controls and code of conduct for employees;
- (c) Ensuring that Key Management Personnel (senior management) monitor, evaluate the FCP activities and report to the Board semi-annually; and
- (d) Board shall ensure that all employees and appointed agents are adhering to the minimum standards on FCP sets out in these directions. For this purpose, the Board shall ensure that an appropriate monitoring mechanism is in place to ensure compliance with these regulations.

10.0 Governance of FCP

- (a) The FSP shall appoint a dedicated officer selected from key management personnel to carry out the FCP function and report to the board periodically.
- (b) The FSP shall have a dedicated unit with a suitable structure of governance to ensure effective implementation of FCP in accordance with the provisions of these regulations.

11.0 Responsibility of Key Management Personnel (Senior Management)

The responsibilities of the Key Management Personnel (Senior Management) of the FSP shall include but are not limited to:

- (a) Implementing suitable mechanisms to coordinate and collaborate among other internal business units to ensure FCP policies are in compliance with these regulations;
- (b) Monitoring, evaluating and reporting the operations of FCP activities, including complaint patterns;
- (c) Overseeing and supervising operations related to FCP of any agent and or third party who is providing financial products and/or services;
- (d) Identifying financial products and services that carry FCP compliance risk;
- (e) Deploying staff who have sufficient knowledge and expertise in carrying out FCP activities; and

- (f) Providing relevant training for the employees, agents and third parties engaged with financial consumers on matters related to these regulations, such as policies, procedures, systems, etc.

12.0 Responsibility of Operational Management Personnel

The responsibilities of the Operational Management Personnel of the FSP shall include but are not limited to:

- (a) Executing the procedures adopted by the FSP to effectively implement the FCP policies in compliance with these Regulations and any other instructions issued by the Central Bank of Sri Lanka;
- (b) Maintaining records and information on activities related to FCP; and
- (c) Preparing monthly reports on activities related to FCP to Key Management Personnel.

13.0 Internal Control

- (a) The FSP shall have effective internal controls to ensure FCP policies are in compliance with these regulations and consistent with business strategy, including the risk profile and structures.
- (b) The FSP shall put in place proper information management system(s) for identifying, recording, monitoring, controlling and reporting FCP issues.
- (c) FSPs shall make arrangements to comply with complaint handling procedure of the FCRD.

14.0 Policies and Procedures

14.1 The FSP shall have appropriate FCP policies and procedures to include but not limited to the following.

- (a) Description of roles and responsibilities at all levels of employees engaged in FCP activities;
- (b) Identify, measure, monitor and control of risks relating to compliance with applicable procedures;
- (c) Share relevant critical information among other business units;
- (d) Disclosure and transparency of information including complaint handling process and other dispute resolution mechanisms;
- (e) Evaluate the financial product or service to identify, monitor and control consumer protection risks;
- (f) Data security and privacy;
- (g) Complaint handling procedure;
- (h) Internal controls to safeguard consumers' assets against incidences of fraud, theft, misappropriation and misuse and procedures to resolve such cases; and
- (i) Periodic auditing practices covering areas such as internal control systems, control system breaches and lapses, risk management practices, data security, information management systems, etc. to ascertain consumer protection adequacy.

14.2 The FSP shall review FCP policies at least every two calendar years and obtain the approval of its Board of Directors.

15.0 Submission of Reports

The FSP shall submit report/s on any matters relating to FCP to the DFCRD in the form and at the time prescribed by the DFCRD.

FAIR AND EQUITABLE TREATMENT FOR CONSUMERS

16.0 Non-discrimination

The FSP shall:

- (a) Not discriminate against financial consumers based on social status, physical ability, marital status, race, caste, gender, age or religion; and
- (b) Not discriminate against financial consumers such as elderly, physically disabled, low income, low financial literacy and shall have the right to receive special attention to facilitate them fair access to financial products or services.

17.0 Unfair Business Practices

- 17.1 The FSP or its agent/ any other person involved in the business of such FSP shall not employ unfair business practices against its financial consumers at all times.
- 17.2 The FSP shall not engage in practices which may include but are not limited to threats, intimidation, humiliation, misrepresentation, deception, use of abusive/ offensive language, or unfair inducements.
- 17.3 At all times, in the conduct of its business, act in good faith and the best interest of its consumers.
- 17.4 For the purposes of sub-regulation (1), “unfair business practices” shall include, but is not limited to, the following practices:
 - (a) Unsolicited loan offers;
 - (b) Abusive debt recovery practices;
 - (c) Requiring payment of un-accrued (future) interest/ early settlement fees on credit facility exceeding the levels permitted by CBSL;
 - (d) Automatically increasing credit limits without prior consent by the consumer;
 - (e) Continuing to charge maintenance fees on dormant accounts;
 - (f) Imposing excessive fees and charges compared to the cost involved;
 - (g) Imposing fees and charges without the prior written consent of financial consumer;
 - (h) Changing the agreed terms and conditions on such financial products and services without written consent of the other party;
 - (i) Using clauses showing an obligation on a consumer without the written consent for deducting payments and fees automatically for credit facilities that are tied to deposit account(s); and

- (j) Bundling and tying practices on products or services unduly limiting financial consumer choices.

17.5 Notwithstanding sub-regulation (2), an FSP shall not apply any method which has not been sanctioned by the CBSL in calculating interest amount on credit facilities.

18.0 Sales Practices

The FSP shall:

- (a) Formulate unambiguous sales policies and procedures for the sale of products or services;
- (b) Ensure persons engaged with activities related to sales/ marketing/ promoting products and services are trained and knowledgeable in key features, risks, important terms and conditions and act fairly and reasonably following procedures and practices stipulated in the Code of Conduct;
- (c) Not discriminate during the sales process to avoid a deliberate, reckless, or negligent sale of unsuitable financial product or service to the financial consumer;
- (d) Not understate or dismiss warnings or cautionary statements in any form of sales, including written sales materials;
- (e) Take all appropriate/ reasonable steps to identify and prevent or manage conflicts of interest between FSPs and financial consumers to prevent the impact of such conflicts on financial consumers; and
- (f) Disclose actual and potential conflict of interest to a financial consumer, and vice versa, particularly when the consumer receives advice before entering into a consumer contract.

19.0 Consumer Switching between FSPs

19.1 The FSP shall:

- (a) Not limit a consumer's ability to cancel or transfer a financial product or service to another provider on financial consumer's notice; and
- (b) Provide comprehensive information about cancellation and portability procedures to consumers.

19.2 Upon receiving the financial consumer's notice, the FSP shall affect the financial consumer's demand within a reasonable time period.

19.3 The FSP may only charge a reasonably low cancellation fee or penalty or charge or future interest ~~if~~when such fee or penalty or charge or future interest is set out in the consumer's contracts.

20.0 Contract Language

20.1 The FSP shall use complete, clear, concise, accurate, non-technical terminology (As practical as possible) or language in the contract and shall clearly explain the salient features to a financial consumer.

20.2 The FSP shall provide relevant key documents, in English or Sinhala or Tamil based on the financial consumer's preference.

21.0 Fair Contract Terms

- 21.1 The FSP shall not impose any unfair terms and conditions at any time with respect to the rights and obligations of all parties related to the transaction and the contract.
- 21.2 The FSP shall make the terms and conditions available to a financial consumer, which clearly set out the respective rights and obligations of all parties to transactions.
- 21.3 An FSP shall not place restrictions on financial consumers that prohibit termination of contracts, change of FSP or financial product/ service.
- 21.4 The FSP may provide all the contractual documents to the financial consumer at least two working days before the contract signing date with an acknowledgement from the financial consumer.
- 21.5 The contract terms shall be considered unfair where there is an imbalance in rights and obligations of one party to the detriment of the other party, including but not limited to:
- (a) Providing for termination of contracts or alteration of clauses without prior notice to the consumer in writing or through newspaper notice or any other appropriate way at least thirty (30) calendar days before such changes are made;
 - (b) Allowing unilateral change to a contract without stating the circumstances under which the change could be made;
 - (c) Unfairly limiting the liability of the FSP disproportionately in the event of total or partial non-performance of contractual obligations;
 - (d) Binding a financial consumer unfairly while the corresponding obligation on the FSP is conditional;
 - (e) Excluding or limiting the liability of the FSP to loss caused to a consumer by misrepresentation, negligence or misleading information on its products or services;
 - (f) Excluding or limiting the liability of an FSP with respect to actions or commitments undertaken by their employees, agents or intermediaries;
 - (g) Giving the FSP a possibility of transferring its rights and obligations under the contract, where such action may reduce the rights of the financial consumers without their consent;
 - (h) Excluding or limiting the rights of the financial consumer to take legal action in the event of a breach of contract; and
 - (i) Implying clauses to waive any protection provided by law, regulations or guidelines.

DISCLOSURE AND TRANSPARENCY

22.0 The FSP shall maintain an official website and update it's contents in a timely manner.

23.0 The FSP shall disclose all relevant information at any stage of a contract in a complete, clear, concise, accurate, not misleading and timely manner written in simple language in either Sinhala, Tamil or English.

24.0 The FSP shall provide copies of the offer letter, agreement and other relevant legal documents to the financial consumer at the time of execution of such documents.

25.0 Information on Financial Products and Services

Appropriate information should be provided at all stages of the relationship with the financial consumer. All financial material should be accurate, true, understandable and not misleading. Accordingly;

- 25.1 The FSP shall provide complete and accurate information in advertisements, marketing material or any material related to financial products or services.
- 25.2 The information provided shall be in a simple, plain and comprehensible language in either Sinhala, Tamil or English as preferred by the financial consumer.
- 25.3 Any written communication provided by the FSP shall:
 - (a) be in a font, size, spacing and placement of content that makes communication easy to read for the consumer; and
 - (b) contain and highlight key features of the given financial product or services such as Annual Effective Rate (AER), Tenor of the facility, installment, fees charges and main risks.
- 25.4 An FSP shall provide a financial consumer with documents, including contracts, forms, receipts and statements relating to the financial product or service, in written form.
- 25.5 An FSP shall provide clear information on the features of the financial products or services before a financial consumer signs up for any financial product or service, similar to the **format** specified as the Key Facts Document given in **Regulation 37**.
- 25.6 An FSP shall provide clarifications if consumers have questions about disclosed information.
 - 25.7 An FSP shall obtain a written confirmation from the financial consumer that the details of the products or services and their terms and conditions were received, explained and understood prior to accepting the offer.
- 25.8 The FSP shall notify affected financial consumers at least thirty (30) calendar days in advance of the amendments or alterations being introduced to the range of services it provides.
- 25.9 The FSP shall convey information in a clear and transparent manner via digital channels and FSPs shall required to;
 - 25.9.1 made available key information prominent in digital channels, with secondary layers of information provided for further details;
 - 25.9.2 made available offline channels be provided to obtain further info and assistance;
 - 25.9.3 keep the order and flow of info provided via mobile channels enhance transparency and comprehension;

- 25.9.4 disclose pricing and key terms and conditions before the transaction is completed in digital transaction process; and
- 25.9.5 made available user interfaces via mobile apps/ channels that are user-friendly and easy to navigate, including on low-end mobile devices.

26.0 Key Facts Document

- 26.1 FSPs shall have a standardised document in the form of a “Key Facts Document” in either printed or electronic form for its products/services written in simple language in either Sinhala, Tamil or English, which shall be available to the prospective financial consumers and displayed on the corporate website.
- 26.2 This document shall contain the following basic information with regard to loan products:
 - a) Key features of the product/ service, including the nature of the product, interest rates, penalties, other charges and fees and commissions.
 - b) Procedures to be followed to obtain the product/service.
 - c) Main terms and conditions.
 - d) Applicable legal provisions related to the product/service.
 - e) Complaint handling procedure.
- 26.3 This document shall contain the following basic information with regard to Deposit Products:
 - a) Financial and other benefits to financial consumers, including incentives and promotions.
 - b) The minimum balance requirements, account opening fee, account maintenance fees, account closure fees and the availability of the deposit insurance coverage.
 - c) Any restrictions on opening accounts, closing accounts, transferring funds by customers, and policies and procedures on dormant accounts and abandoned properties.
 - d) Complaint handling procedure.
 - e) Procedures for unauthorized or mistaken transactions.

27.0 Disclosure of Terms and Conditions

The FSP shall provide contracts to the financial consumer with all terms and conditions, which includes:

- (a) rights and responsibilities of the financial consumer;
- (b) rights and responsibilities of the FSP;
- (c) key risks to the financial consumer;
- (d) interest rates, costs, commissions, fees and charges relevant to the product or service;
- (e) installment schedule;
- (f) method of computing interest charges;
- (g) in case of floating interest rate base rate/benchmark, repricing frequency, method of adjusting the value of instalment or number of instalments;
- (h) notification to consumers on the changes on the contract;
- (i) the penalties and other remedies in the event of a breach of contract;

- (j) the contact information of the FSP's consumers service;
- (k) terms and conditions that may lead to termination of the contract;
- (l) any compensation/ charges/ penalty applicable in case of pre-mature withdrawal/ termination/ early settlement of participation in a product or service by the financial consumer;
- (m) the procedure and latest contact information available at the FSP for handling complaints and alternate dispute resolution mechanisms such as Financial Ombudsman in Sri Lanka and FCRD of the CBSL;
- (n) the course of recovery actions followed by the FSP in the event of any default by the consumer on his/ her obligations and the expenses that will be reimbursed from the consumer;
- (o) the procedure to be followed by the FSP to foreclose on the property held as collateral for a credit facility and consequences thereof to the financial consumer, including alternative options available to him/ her;
- (p) the rules regarding:
 - i. reporting of suspicious transactions and above-the-threshold transactions to the Financial Intelligence Unit;
 - ii. the reporting procedures that the financial consumer should follow in case of stolen cards/financial instruments and the manner such liability will be accepted by the FSP and by the consumer; and
- (q) the disclosure of financial consumer information to a party legally authorised to obtain such information.

28.0 Information for Credit Facilities and Credit Instruments

28.1 The FSP shall provide an Offer Letter to the consumer who has accepted a credit offer, and the Offer Letter, at minimum, must contain the following basic information in either Sinhala, Tamil or English as preferred by the financial consumer;

- (a) Name of the borrower
- (b) Contract Number (Loan Reference Number)
- (c) Amount Granted
- (d) Date granted and the credit repayment period
- (e) Effective Rate of interest and basis (Fixed or Floating)
- (f) If floating benchmark rate and frequency of rate revision
- (g) Repayment schedule and frequency of instalment (daily, weekly, monthly or any other basis)
- (h) Details of security/ collateral offered
- (i) Breakdown of additional charges, commissions and other costs payable by the financial consumer such as insurance, valuation, documentation, registration, etc. (if applicable)
- (j) Penal interest rate (per annum) in the event of delayed payment
- (k) The recovery procedure in the event of default of payments by the financial consumer, including the timing and costs involved in repossession of assets, other

costs involved in the process, the procedure to be followed by the financial consumer after repossession, any other charges as applicable, etc.

- (l) The conditions applicable for early settlement by consumer
- 28.2 For the purpose of sub-regulations (1), “credit instrument” includes a document other than paper money that serves as evidence of debt, including cheques, letters of credit, promissory notes, etc.
- 28.3 FSP offering a credit facility or credit instrument shall provide the following information to its financial consumers as applicable in the offer letter and agreement:
- (a) Fees, charges, commissions and other costs payable by the financial consumer;
 - (b) Total and frequency of instalment payments, or minimum periodic repayment in the case of revolving credit facilities;
 - (c) Procedures to revoke or stop payment on a credit instrument by the consumer;
 - (d) Liability of parties in the event of unauthorized transactions on their accounts or fraud of a credit instrument;
 - (e) Consequences and costs to the consumer on using credit instrument to the account with insufficient funds;
 - (f) Terms and conditions of all tied or bundled financial products or services sold together with the credit facility; and
 - (g) Policies regarding the transfer of credit facilities, late payment and prepayments, including related procedures and costs.

29.0 Provision of Accounts Statements

- 29.1 The FSP shall provide a consumer with:
- (a) a periodic statement of every account the FSP operates for the consumer, free of charge either written or electronic mode;
 - (b) a closing statement when terminating or concluding a contract; and
 - (c) information on account balances upon request by the consumer.
- 29.2 An FSP shall provide periodic statements according to the manner as agreed by the customer when entering into the principal contract with the FSP.
- 29.3 For the purpose of sub-regulation (2), an FSP-
- (a) shall, by electronic means, issue a financial statement at no charge; or
 - (b) may, at a prescribed fee or charge, issue a financial statement under the circumstances other than as provided under paragraph (a).
- 29.4 The frequency with which statements are provided shall be commensurate with the type of financial product or service, its term and the type of clientele.
- 29.5 The statement referred to under this regulation shall contain the following information-
- (a) all types of transactions;
 - (b) opening and closing balances;
 - (c) interest rate;
 - (d) fees and penalty charged; and

- (e) any impending risk for the consumer or changes in account rules or financial products or services terms and conditions.

30.0 Settlement of Obligation

- 30.1 An FSP shall provide a consumer who has fully settled financial obligations with a written declaration indicating the full settlement of the obligation.
- 30.2 For the purpose of sub-regulation (1), an FSP shall, on behalf of the financial consumer, and within five (5) working days from the date of full settlement of the obligation, the property that is subject of collateral of a credit facility be discharged and handed over to the financial consumer.

31.0 Information on Deposit Account

The FSP shall disclose to the financial consumer in the key facts document/ application/ mandate/ certificate/ renewal notice, information relating to:

- (a) balance of the account in an appropriate mode and frequency;
- (b) applicable interest rates/yield rates;
- (c) charges or fees for account opening and minimum balances;
- (d) account maintenance fees;
- (e) responsibility of the financial consumer to keep personal information confidential, including Personal Identification Numbers and passwords linked to the account;
- (f) type and amount of transactions allowed free of charge;
- (g) limitation on the account functionality such as the number of withdrawals;
- (h) in the case of term deposits, a notice of renewal prior to the maturity date;
- (i) procedures and costs for the consumers to close the account; and
- (j) features for an inactive account and the consequences of becoming inactive.

32.0 Notification of Changes in Terms and Conditions

- 32.1 The FSP shall notify a consumer within a reasonable time in writing, including in electronic form, prior to changes in agreed terms and conditions related to-
 - (a) the interest rates to be paid or charged on any account of the consumer;
 - (b) any non-interest charge on any account of a consumer; and
 - (c) any other key product feature or previously agreed on terms or condition such as the procedure for cancellation, prepayment of loans and transfer of loan servicing.
- 32.2 An FSP shall be required to notify a consumer in case transactional accounts have become inactive or dormant.

ACCESSIBILITY

33.0 Formulation of Accessibility Policy

- 33.1 FSPs shall formulate and implement an accessibility policy with a view to enhance fair and equal access to financial products/services irrespective of gender, age, race, religion, physical capability and financial literacy.
- 33.2 The accessibility policy shall include but is not limited to

- a) Documents, communication and information accessibility.
 - b) Websites and mobile applications accessibility.
 - c) Infrastructure accessibility.
 - d) Cards and Automated Teller Machines (ATMs) accessibility.
- 33.3 FSPs shall not issue any policies or circulars which may encourage discrimination or inaccessibility.
- 33.4 Accessibility policy shall be available to the general public in accessible formats.

34.0 Infrastructure

- 34.1 FSPs shall comply with general laws regarding accessibility in constructing new buildings and physical infrastructure such as facilitating differently able and elderly customers.
- 34.2 FSPs shall take necessary actions to improve accessibility in installing and processing ATMs and other automated equipment by enabling sound navigation and other accessibility features.
- 34.3 FSPs shall provide cards (Debit and Credit) with accessibility features at the request of the financial consumer.

35.0 Verification

FSP shall ensure financial consumer signature is unambiguous and acceptable for verification purposes. Thumbprint shall be treated equally to the conventional signature.

36.0 Web Accessibility

- 36.1 All web contents shall be perceivable, operable, understandable and robust.
- 36.2 Web accessibility shall include but is not limited to
- a) Font size, colour and colour contrast adjustability.
 - b) Fully navigability and ability to function with the keyboard.
 - c) Fully readability with screen readers.
 - d) All buttons and graphics shall be appropriately labelled or use alternative text.
 - e) All security, protection or safety features shall be provided in text and audio options.
 - f) Adequate time shall be granted to perform all functions.
- 36.3 Mobile applications accessibility shall include but is not limited to
- a) Font size, colours and colour contrast, and background colours adjustability.
 - b) Fully readability with screen readers.
 - c) All buttons and graphics shall be appropriately labelled or use alternative text.
 - d) All security, protection or safety features shall be provided in text and audio options.
 - e) Adequate time shall be granted to perform all functions.

37.0 Information Accessibility

FSPs shall provide all the necessary documents in accessible formats at the request of the financial consumer.

38.0 Assistance and Use of Assistive Technology

- 38.1 FSPs shall grant permission to the financial consumer to have assistance from a person who has been authorised by the financial consumer with a power of attorney.
- 38.2 Special care and attention shall be given to the financial consumers who are elderly, differently able or with low financial literacy.
- 38.3 FSPs shall provide adequate facilities to use assistive technology and equipment.

RESPONSIBLE BUSINESS CONDUCT

Fraud and Misuse of Customer Assets

- 39.0** FSPs shall have adequate policies and procedures in place to protect customers' deposits and other assets from internal or external fraud or misuse.
- 40.0** FSPs shall have clear policies and procedures to resolve cases of suspected fraud or misuse regarding customers' accounts.
- 41.0** FSPs shall be liable to customers for losses due to fraud or misuse involving customer assets, except in cases of consumer fraud or gross negligence.

42.0 Timely Response and Contacting a Financial Consumer

- 42.1 The FSP shall respond to a consumer's request for information clearly, timely and in writing or electronically, as per the preferred communication channels, either Sinhala, Tamil or English as preferred by the financial consumer within a reasonable time period.
- 42.2 The FSP shall maintain a record of the consumer site visits, including the purpose, date and time of the visit and the financial consumer's response in brief.
- 42.3 When making telephone contact with a consumer, the person shall identify himself or herself by the name and the name of the FSP on whose behalf the financial consumer is contacted and the commercial purpose of the contact.
- 42.4 50.4 FSP shall maintain call recordings and a call register and shall retain such records considering the data retention requirements.
- 42.5 When obtaining a physical signature, the FSP shall obtain a signature for security/contractual documents outside the premises of the place of business only if a reasonable circumstance arises upon request of a consumer and in the presence of an authorised officer from the FSP. The records of financial consumer requests must be retained for future reference.

43.0 Advertisement and Sales Promotion

- 43.1 The FSP shall:
 - (a) conduct sales promotion ethically and professionally;
 - (b) not engage in mis-selling, misrepresentation, and aggressive high-pressure sales tactics during the sales process;
 - (c) advertise/ promote suitable financial products or services based on consumers' needs and capability;

- (d) avoid misusing of footnotes, disclaimers, or fine prints to prevent a prospective customer from reading relevant information fairly. Such items should be of sufficient size and of sufficient duration to enable an average viewer to comprehend;
 - (e) ensure advertisement and sales materials do not contain misleading or false information or omit information that is important for the consumer to make a decision;
 - (f) be liable for the statements made in advertising and sales materials;
 - (g) not use a marketing strategy which may harm a consumer by taking advantage of the financial consumer's condition;
 - (h) provide consumers with actively opt-in to receiving marketing materials, and easy means to opt-out from receiving marketing materials at a later point in time; and
 - (i) include in all advertisements and marketing material the contact details of the FSP and credit rating (if available) and state that the respective FSP is supervised by the Central Bank of Sri Lanka.
- 43.2 The remuneration of employees and agents attached to marketing/sales shall not be solely based on sales volume/target but give consideration to encourage responsible business conduct, interests and circumstances of the consumers.

44.0 Product Suitability and Design

44.1 An FSP shall:

- (a) gather and record information about the consumer to determine the suitability of the financial product(s) or service(s) to be offered or recommended to that consumer;
- (b) assess the consumer's ability to fulfil terms and conditions associated with the financial products or services;
- (c) identify a maximum debt service/ income ratio (percentage of consumer's disposable income that can be applied to service debt) to assess the risk of over-indebtedness of a consumer by using sources such as the Credit Information Bureau (CRIB), etc.; and
- (d) based on the aforementioned information and criteria, determine that a product or service is suitable for the particular financial consumer before entering into a contract.

44.2 An FSP shall:

- (a) offer financial products or services that are suitable to the varying needs, risk profiles and interests of the types of financial consumers for whom they are intended (the target market), having regard to the characteristics of that target market;
- (b) not alter, bundle, or modify financial products to distort the features of the product that can place the customer in a disadvantage. (Such as offering gifts and raffles for savings accounts in exchange for maintaining very large sums of money in savings account for fixed terms, at rates significantly lower than the rate of return for fixed deposits of a similar term);

- (c) offer justifiable rates/fees/prices based on market developments, the cost structure of FSP, regulatory requirements, etc. to maintain healthy competition in the market; and
- (d) offer justifiable rates/ fees/ prices on market rates/ fees/ prices.

45.0 Sale or Transfer of Debt or Any Other Product or Service

An FSP shall take the following action where the sale or transfer of credit facility without borrowers' consent is permitted by law or intends to cease operating, merge with another, or transfer all or part of its operations to another:

- (a) notify the FCRD on ceasing operations and merger with another FSP immediately;
- (b) notify the affected consumer of a sale or transfer within a reasonable number of days, i.e. thirty (30) calendar days, and the remaining debt obligation or outstanding position of the product/ service;
- (c) provide the financial consumer with information as to where to make payment; and
- (d) provide the financial consumer with the acquirer's or purchaser's, or transferee's contact information.

46.0 Conduct of an Agent/Third Party

- 46.1 Where an FSP appoints an agent/ third party in terms of any written law governing financial service provision, it shall enter into a formal agency/third party contract, including a Code of Conduct and comply with these Regulations, as applicable.
- 46.2 FSPs shall be legally liable for the actions and omissions of their agents.
- 46.3 FSPs shall be required to perform due diligence before contracting any agents or third parties.
- 46.4 FSPs shall be required to continuously monitor the performance of their agents.
- 46.5 FSP shall enter into a non-disclosure agreement with third party service providers deployed in their businesses to preserve the duty of secrecy of the information of financial consumers.
- 46.6 The FSP shall provide a financial consumer upon request with details of agents appointed for financial consumer services and the code of conduct issued to them to refrain from doing any of the following but not limited to:
 - (a) harassing consumers;
 - (b) disclosing consumer information to unauthorized parties;
 - (c) giving false or misleading information about products/ services;
 - (d) unduly influence consumers or the general public to buy or get involved in the products/ services of FSP; and
 - (e) engage in getting any security documents signed outside the premises of the place of business.

47.0 Debt Recovery

- 47.1 The FSP shall ensure that debt recovery processes are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat.

- 47.2 The FSP shall initiate foreclosures only when other recovery steps have been unsuccessful, subject to their provisions of applicable laws-
- 47.3 The FSP shall ensure that sales proceeds from foreclosure assets are immediately applied on recovery of the credit facility, and the financial consumers shall be informed and refunded with the balance, if any subject to other provisions in applicable laws. Further, the FSP shall provide a report of the sale of collateral, which includes but is not limited to the process involved, total sales proceeds, all incidental expenses/costs and the net proceeds, to the financial consumer within within reasonable time period from date of sale/ transfer of title.
- 47.4 The FSP shall not engage in any of the following:
- (a) contact friends, employer, relatives or neighbours of a consumer for any information other than information or verification of employment status, telephone numbers or address, except where:
 - i. the person has guaranteed the loan; or
 - ii. the person has been nominated by the financial consumer to be contacted.
 - (b) require any persons listed in (a) above to offset the debt, except where the person has acted as a guarantor.
 - (c) unnecessary or excessive contact or communication with a person, beyond what is reasonable in the circumstances.
 - (d) disclosing the existence of a debt to a third party (including friends, family etc.).
 - (e) making any misrepresentation in connection with a debt, such as regarding its character, the amount owed, the financial service provider's legal rights or the potential legal consequences for any person if the debt is not paid.
 - (f) public shaming.
 - (g) calling or attending at a person's place of employment to seek repayment.
 - (h) threatening to harm or harming any person.
 - (i) threatening to seize, or seizing, property which has not been provided as collateral.
 - (j) threatening to damage, or damaging, property.
 - (k) make contact with consumers in person or by other means such as telephone between the hours of 6.00 pm and 8.00 am for the purpose of debt recovery, except with the prior voluntary consent of the consumer.

COMPLAINTS HANDLING AND REDRESS MECHANISM

48.0 Policy and Procedures

- 48.1 All FSPs shall have a clear written policy and procedures ensuring appropriate mechanisms in place to receive, resolve and respond to individual grievances and problems of financial consumers, including retention of such records.
- 48.2 All FSPs should have a complaint handling function or unit established to resolve complaints from consumers independent from business units supervised by Key Management Personnel.

48.3 FSPs should conduct root cause analysis on complaints data and use such analyses to improve their products and services, including the establishment of a management information system as part of the duties of risk management committee related to operational risks or any other management committee overseeing operational risk.

49.0 Complaint Handling Procedure of FSPs

49.1 The mechanism for receiving complaints under **Regulation 48** shall have multiple channels with clear procedures, including help desk assistance, telephone numbers, dedicated email/ postal addresses and online web forms.

49.2 The mechanism referred to under **Regulation 48** shall be free, fair, accessible, timely, simple, transparent and independent.

49.3 FSP shall acknowledge the complainant and provide the contact details of the officer/ officers handling the complaint in writing within reasonable time [preferably within three (03) working days].

49.4 The FSP shall assign an officer to handle complaints and related management information systems in each branch/ office/ outlet.

49.5 The FSP shall maintain records of all complaints for future reference and submit complaints statistics to CBSL as prescribed.

49.6 Financial consumers shall seek recourse through the internal complaints handling process of the FSP before opting for CBSL support.

50.0 Transparency of Complaint Handling Procedure of the FSP

50.1 The FSPs shall provide financial consumers with information on the latest mechanisms for handling complaints in the contractual documents. Further, FSP shall publish the complaint handling procedure and other relevant information on handling complaints, indicating the last date of modification to the complaint procedure, if any, on the official website of the FSP and by way of pamphlets, posters, etc.

50.2 The information referred to under sub-regulation (1) shall include:

- (a) available channels for submitting complaints, including contact details;
- (b) timeline for complaints resolution;
- (c) responsibility of the complainant at each stage of the process;
- (d) the obligations of the FSP;
- (e) escalation process to various levels, if not satisfied; and
- (f) details of alternative dispute resolution mechanisms (Financial Ombudsman in Sri Lanka, FCRD of the CBSL, as applicable).

51.0 Fair Redress Mechanism and Compensation Policy of the FSP

51.1 The FSP shall develop a fair redress mechanism and compensation policy for a complainant based on the findings of the complaint.

51.2 A compensation policy referred to in sub-regulation (1) shall be in line with the provisions of these regulations and guidelines which may be issued by the CBSL.

52.0 Conflict of Interests

- 52.1 An FSP shall avoid conflict of interests when handling consumer complaints.
- 52.2 An officer shall not be involved in the processing of the complaint if such person is a party to or supervisor to the relevant party or has an interest in the complaint or complainant.

53.0 Timeframe for Resolving Financial Consumer Complaints by the FSP

- 53.1 The FSP shall, upon receipt of a complaint from the financial consumer, respond to the financial consumer and resolve such complaint within 14 days.
- 53.2 However, FSP shall make all necessary arrangements to resolve complaints which require urgent action within the earliest possible time, considering the impact, urgency and risk involved from both FSP and the financial consumer.
- 53.3 An FSP shall, if unable to resolve a complaint within the time specified under **regulation 49.1 or 49.2 above**, notify the complainant before the expiration of the time specified therein, showing reasons for the extension (maximum of three months) and measures taken to resolve the matter so far.
- 53.4 In the event the FSP is unable to provide redress for the complaint, the FSP's position shall be clarified to the complainant within the timelines stipulated in regulations **49.1** and **49.2** above.

54.0 Complaint Handling Procedure of CBSL

FCRD attends to complaints and grievances of financial consumers as an alternative dispute resolution mechanism to that of FSPs. However, financial consumers or FSPs are not restricted from pursuing legal proceedings or any dispute resolution mechanism at any time during the process.

54.1 Submission of complaint to CBSL

- 54.1.1 Complainant may submit a complaint to the CBSL if the complainant has not received a response from the FSP as required under **regulation 49** or not satisfied with the FSP's response or the complaint has not been attended to in the manner provided under **regulation 49**.
- 54.1.2 Provided that a complaint shall be processed by CBSL in the case of non-receipt of notification under **regulation 49** or the non-resolution of a complaint, within the time stipulated in **regulation 49.1 or 49.2 above**, but in any case, not later than one (01) year from the date of submission of the complaint to the FSP.
- 54.1.3 A complaint lodged with the CBSL shall be in a form prescribed in **Schedule I**.
- 54.2 A complainant should satisfy the following terms and conditions for FCRD to commence processing the complaint without getting rejected at any stage of the complaint handling process.
- a) the complaint is related to an FSP regulated by the CBSL;
 - b) the complaint is submitted as per **regulation 54.1** above;
 - c) the date of the initial cause of action or ground for the complaint had arisen is not more than three years from the date of complaint submitted;

- d) the complaint is not under the consideration of any ongoing legal proceedings, and/ or a decision has been made by the relevant judicial authority;
 - e) if the complaint is sent by a third party on behalf of a financial consumer, the third party has proof of proper legal authority to act on behalf of the complainant(s) already submitted to the FSP; and
 - f) the information submitted in the complaint is true and correct.
- 54.3 FCRD will cease processing a complaint in an instance where the financial consumer or FSP file a case through the Court of Law with regard to a complaint while FCRD is handling it.
- 54.4 The use of undue influence or duress by any party may put the fair and free will of processing the complaint by FCRD at risk and thereby compelled to cease processing of the complaint or take regulatory/ legal action, as applicable.
- 54.5 Determination by the DFCRD
- 54.5.1 Before making a determination, FCRD shall assess the complaint and DFCRD may require FSP to resolve the issue amicably with appropriate instructions/ recommendations/ comments.
 - 54.5.2 If the FSP fails to resolve the complaint satisfactorily as per the DFCRD instructions/ recommendations/ comments and DFCRD decides that complaint requires a determination, DFCRD shall issue a determination on the complaint as the final solution of CBSL.
 - 54.5.3 In order to arrive at a determination, FCRD may call for additional information/ documents, call for a hearing from all/any party involved and/or conduct a spot examination/ inquiry, as applicable.
 - 54.5.4 The determination by the DFCRD for a complaint referred by a financial consumer is binding for FSPs if the financial consumer agreed with the determination.
 - 54.5.5 The DFCRD shall deliver a written determination on the matter within 90 days, subject to the availability of all important information. However, depending on the complexity of the matter in concern, delivering a determination may be extended.
 - 54.5.6 The DFCRD shall, in determining a complaint, adhere to the general principles of natural justice.
 - 54.5.7 A complainant may, at any time, before delivery of the determination, withdraw a complaint in writing from the Central Bank or settle then the complaint shall be considered as concluded.
- 54.6 **Awards under DFCR Determination**
- 54.6.1 The Director FCRD may, upon making a determination of complaint under **regulation 54**, order an FSP to do one or any of the following:
 - (a) compensate and refund the affected consumer;
 - (b) make corrections to erroneous data, information or statement;
 - (c) cease or desist from the conduct that is subject of the complaint;
 - (d) make a formal apology; or

- (e) do or desist from doing any other activity/operations
 - (f) take action as the Central Bank may deem appropriate.
- 54.6.2 The Director of FCRD or any other officer authorised by the Director of FCRD may make recommendation advice/ views/ observations to the financial consumer as appropriate.

54.7 Complaints Involving Multiple FSPs

Where a complaint from the consumer involves more than one FSP, DFCR shall decide the responsibilities of FSPs in resolving the complaint.

COMPETITIVE ENVIRONMENT

55.0 Free Market

55.1 An FSP shall-

- (a) not engage in exclusive arrangements with agents and merchants hindering access to other FSPs; and
- (b) operate systems which are open and interoperable.

55.2 An FSP shall-

- (a) display the business license, registration or appointment obtained from the CBSL, set of latest audited financial statements, credit rating with underlying specifications, key contact details of the person handling complaints, business hours and holiday notices.
- (b) publish the latest annual effective and nominal interest rates of deposits and lending products, foreign currency exchange rates, details of fees, commissions and any other charge with the effective date as applicable on the official website of FSP and all places of business, including branches/ banking outlets; and
- (c) display the information referred to in paragraphs (a) and (b) in a prominently visible position in the public place of its business, including outlets.

PROTECTION OF CONSUMERS' ASSETS AND INFORMATION

56.0 Safeguarding Consumer Assets

The FSP shall -

- (a) implement adequate policies, procedures and risk mitigants to protect financial consumers' deposits and other assets against internal or external fraud or misuse;
- (b) implement clear policies and procedures to resolve cases of suspected fraud or misuse regarding financial consumers' accounts in a prompt manner;
- (c) be liable for the financial consumers' loss incurred through fraud, misappropriation or misuse involving consumers assets held, administered or controlled by the FSP;

- (d) take disciplinary action against employees involved in fraud, misappropriation and misuse of financial consumers' assets and report to the respective departments of the CBSL;
- (e) promptly refund a financial consumer for the actual amount lost due to fraud, misappropriation and misuse of the financial consumers' assets, unless proved that the loss occurred due to financial consumer's negligence or fraudulent behaviour;
- (f) continuously create awareness of fraudulent practices and consumers' responsibility to guard against threats;
- (g) require consumers to update their records regularly and as and when the need arises to ensure data accuracy and ultimately to enhance protection; and
- (h) create a convenient avenue through which consumers can make the required updates.

57.0 Protection of Financial Consumer Personal Information

The FSP shall be required -

- (a) to put in place appropriate security and control measures to protect consumers' personal information and retain it for a minimum period of six years from the termination/expiration of contract, unless otherwise required by any other law;
- (b) not to share consumer' personal information with a third party except with the financial consumer's consent or as required by the law;
- (c) to retain key information, contractual documents and history of all the transactions for a minimum of six years from the termination/expiration of contract; and
- (d) to retain all the source documents for a minimum of six years from the transaction date unless otherwise required by any other law.

58.0 Collection and Use of Data

- 58.1 Every FSP shall collect consumers' personal information within the limits of any law, direction, or guideline, only using lawful and fair means; and only for specified, explicit and legitimate purposes.
- 58.2 An FSP shall have policy procedures for collecting and using personal information, including means, purpose, and types of data that may be collected and retained, consistent with these regulations and other applicable law.
- 58.3 Personal information should be collected, retained, and used in compliance with, in addition to these regulations, any other applicable laws, including relating to to Anti-Money Laundering & Countering the Financing of Terrorism in Sri Lanka and data protection.
- 58.4 An FSP shall comply with data privacy and confidentiality requirements that limit the use of consumer data exclusively for the purpose for which data is collected.
- 58.5 A FSP may only use a consumer's personal information:
 - (a) for a purpose that is consistent with the original purpose for which they collected it, provided that it was reasonably apparent to, or would be reasonably expected by, the consumer; or
 - (b) with the informed consent of the consumer; or
 - (c) as otherwise required or permitted by these regulations or another law.

58.6 Financial consumers shall have a right to maintain his/her privacy on disability.

58.7 FSPs shall not use disability sensitive information for any other purpose than facilitating financial consumers or protecting financial consumer rights.

58.8 FSPs shall not reveal information on financial consumers' disability or health status to any other party without prior approval of financial consumers.

59.0 Confidentiality, Security and Integrity of Personal Information

59.1 The FSP shall formulate and implement policies and procedures to ensure consumer' personal information confidentiality, security, and integrity.

59.2 An FSP shall -

- (a) establish different levels of permissible access to personal information as strictly necessary depending on the role of the employees within the organization or any other persons acting on the FSP's behalf;
- (b) formulate and implement policies and procedures for the security of networks and databases;
- (c) implement appropriate measures and processes to ensure that personal information that it collects, uses, or shares is accurate and, where necessary, kept up to date and that all reasonable steps are taken to ensure that personal information that is inaccurate, having regard to the purposes for which it is collected, used or shared, is erased or rectified without delay;
- (d) not misuse, and ensure that any of its employees or any other party acting on its behalf does not misuse, personal information; and
- (e) be liable for any breaches in data security that result in loss or other harm to the consumer.

59.3 FSP shall put in place appropriate policies and procedures, and data protection measures and staff training programs to prevent unauthorized access, alteration, disclosure, accidental loss or destruction of consumer data.

60.0 Sharing of Financial Consumers Information

The FSP shall not share consumers' information with a third party for any purposes, including marketing, promotion and advertisement, unless:

- (a) the information is being disclosed for the purpose for which it was originally collected, provided that it was reasonably apparent to, or would be reasonably expected by, the consumer; or
- (b) with the informed consent of the consumer; or
- (c) as otherwise required or permitted by these regulations or another law.

61.0 Privacy notifications

61.1 An FSP shall make available to consumers a privacy notification describing in simple language that they are likely to understand:

- (a) the kinds of personal information that it collects;
- (b) the circumstances in which it collects, uses and discloses such personal information and how it keeps it secure;

- (c) the third parties to whom it may disclose such personal information; and
- (d) consumers' rights to seek access to and correction of their personal information from the FSP in accordance with these regulations, and the contact details for doing so.

61.2 An FSP shall:

- (a) provide copies of the privacy notification to consumers:
 - i. when they collect their personal information;
 - ii. together with terms and conditions for their products; and
 - iii. at any time on request. and
- (b) make the privacy notification available prominently at its branches, on their website and through any other channels through which it deals with consumers.

62.0 Consumers' rights to access and correct their personal information

62.1 On request from a consumer, an FSP shall provide them, except to any extent prohibited by law, with access to any personal information about the consumer that is held by the FSP. Such access must be provided:

- (a) in a form that is likely to be understandable to the consumer;
- (b) within a reasonable time; and
- (c) at minimal or no cost to the consumer.

62.2 If a consumer claims that any personal data about them held by an FSP is inaccurate or incomplete, an FSP shall take reasonable steps to review the claim within a reasonable time and:

- (a) if the personal information is found to be inaccurate or incomplete, correct it within a reasonable time and take reasonable steps to advise any third party that previously received the incorrect personal information;
- (b) if, following its review, the FSP does not agree that the personal data is inaccurate, record the disagreement with the personal information and take reasonable steps to advise any third party that previously received the personal information.

FINANCIAL EDUCATION AND AWARENESS

63.0 Financial Consumer Education and Awareness Program

63.1 Deliver Effective Financial Education Programs

- (a) FSP, either on its own or in partnership with industry associations or in collaboration with CBSL/ agencies promoting financial literacy, shall develop specific financial literacy programs to improve the financial consumer awareness of financial products/services. Financial education programs should be designed to meet the needs and financial literacy of the target audience.
- (b) Financial education tools might include printed brochures, flyers, posters, training videos (e.g. money management, debt management, saving), interactive loan calculators, key messages (e.g. protect your money, know your product, read and understand terms and conditions, check your statements, pay your loan instalment

on time, understand fees and charges, safeguard your personal identification numbers)

(c) FSP shall educate the financial consumers on the applicable legal provisions related to the product/ service.

63.2 Promote Financial Discipline

Financial education and information provision should be enhanced to deepen the capability and the financial knowledge of the financial consumer, especially for the vulnerable groups. Financial consumers shall be provided with specific warnings related to over-indebtedness, consequences of multiple borrowing and late repayments, etc.

INTERPRETATIONS

64.0 In these Regulations, unless the context requires otherwise:

“Abusive debt recovery” includes-

- (a) unlawful collection of amount dues from borrowers;
- (b) the use of any false statement; and
- (c) intimidation, harassment and coercion.

“Accessible format” means electronic/word format, and for Sinhala and Tamil, electronic/word format with unicode fonts or any other mechanism facilitating elderly, disabled or with low financial literacy financial consumers.

“Accessibility” means providing equal and fair access to all financial services provided by FSPs.

“Books, records, accounts, documents, and information” means books, records, accounts, documents or information recorded or stored in any media, including paper and data stored by electronic, optical, magnetic, or any information system.

“Bundling of product” means the sale of two or more financial products or services as one combined product or service where FSP shall consider product suitability.

“Central Bank” means the Central Bank of Sri Lanka established under Monetary Law Act, No. 58 of 1949 (Chapter 422).

“Complaint” means dissatisfaction expressed by a financial consumer on a financial product or service provided by an FSP and its related aspects.

“Credit Facility” means an arrangement between an FSP and a financial consumer to allow borrowing of a particular amount of money for different purposes for a particular period of time, either on-balance sheet or off-balance sheet credit facility.

“Dormant Account” means an account that is left unused by the owner for more than six months.

“Director of Financial Consumer Relations Department” means the head or additional head of the Financial Consumer Relations Department of the Central Bank of Sri Lanka.

“Financial Consumer” means a person or entity or legal body or where the context so permits a legal representative of such consumer that uses, has used or potential user of any financial product or service provided by an FSP excluding FSPs.

“Financial Consumer Protection” means laws, regulations, circulars, directions, guidelines, policies and institutions to safeguard consumer rights, enable consumers to make informed financial decisions and ensure fairness in the provision of products and services by FSPs.

“FSPs” means LCBs, LSBs, LFCs, SLCs, APDs, AMBs, LMIs, Participants of Payments and Settlement Systems or any other type of FSPs approved by the Monetary Board.

“Key Management Personnel (Senior Management/ Key Responsible Persons)” include Executive Directors, Chief Executive Officer, head of a function, and any other person other than members of the Board of Directors who participate in making decisions that affect the whole or substantial part of the business of FSP.

“Operational Management Personnel” means officers who participate in day-to-day decision-making, including a manager of a branch office of an FSP or a person acting on behalf of the manager.

“Personal Information” means any information about an identified or reasonably identifiable consumer including, without limitation.

“Product or Service” means authorized instrument or activity that an FSP deemed permitted to provide for a consumer or any other transaction that may be approved by the Central Bank of Sri Lanka from time to time.

“Tying of products or services” means the sale of two or more financial products or services without the option of distinguishing them upon sale.

Schedule I



FINANCIAL CONSUMER RELATIONS DEPARTMENT **COMPLAINT SUBMISSION FORM**

The Director
Financial Consumer Relations Department (FCRD)
Central Bank of Sri Lanka (CBSL)
30, Janadhipathi Mawatha
Colombo 1
Telephone : 94 11 247 7966
Hotline : 1935
Email : fcrd@cbsl.lk
Fax : 94 11 247 7744
Web : www.cbsl.gov.lk/fcrd

QR Code to
Download Form



IMPORTANT

Please use this form to tell us about your complaint – so we can help resolve it. If you're not sure about anything, or have difficulty filling in the form, just phone us on 1935. Please note all calls with our contact center are recorded.

Terms and Conditions:

- i. A complaint will be accepted by FCRD for processing only if the said complaint is:
 - a. related to an Financial Service Provider (FSP) regulated by the CBSL¹.
 - b. made to FCRD before the lapse of three year from the date of initial cause of action or ground for the complaint had arisen;
 - c. already lodged with the FSP and atleast 14 days have lapsed and not less than one year;
 - d. not, under the consideration of any ongoing legal proceedings, and/ or a decision has been made by the relevant judicial authority; and
 - e. accompanied with proof of proper legal authority to act on behalf of the complainant(s), in the event of complaint is submitted by a third party.FCRD is compelled to cease processing of the complaint or take regulatory/ legal action, as applicable if the complainant uses undue influence or duress at any stage of the complaint handling process of FCRD.
- ii. The primary complainant may withdraw a complaint by making a written request to the Director of FCRD.
- iii. The Complaint Handling Procedure at FCRD in brief is given below.
 - a. FCRD assigns a specific Complaint Reference Number (CRN), upon receipt of a complaint and after an intial assessment of the complaint, an acknowledgment is sent to the primary complainant by FCRD with the respective CRN according to the preferred mode of correspondence of the complainant.

¹ <https://www.cbsl.gov.lk/authorized-financial-institutions>

- b. Complaints which comply with the above terms and conditions are referred to the relevant FSP with appropriate instructions/ recommendations/ comments, requiring them to resolve the issue amicably.
- c. The relevant FSP is required to take a suitable resolution action and respond in writing to the complainant, within the stipulated time and inform FCRD of the action(s) taken to resolve the complaint.
- d. The action(s) taken by the FSP as informed to FCRD is reviewed by FCRD to ensure that FSP has taken satisfactory action(s) to resolve the complaint.
- e. If the FSP has failed to resolve the complaint satisfactorily and the complainant expects FCRD to examine the matter further, the complainant is required to submit the latest position of the complaint for further consideration of FCRD.
- f. FCRD would examine the latest position of the complaint along with the other relevant information/ clarifications obtained from parties concerned and issue a determination based on the examination as the final solution of CBSL for the complaint. Determination of FCRD is binding for the FSP if the complainant is agreeable with the same in writing.
- g. The FCRD, subject to availability of all important information, will issue a written determination on the matter within 90 days from the resubmission of the complaint. However, depending on the complexity of the matter in concern, delivering a determination may be extended.
- h. If the complaint falls under the purview of another department of CBSL or any other institution, FCRD refers the complaint to them and informs the complainant accordingly.
- i. FCRD will cease processing a complaint in an instance where the financial consumer or FSP file a case through the Court of Law with regard to a complaint while FCRD is handling it.

Sharing of information and personal data.

- i. All information and personal data supplied by the complainant may be used for purposes related to the handling and/or investigation of the complaint and performing FCRD's statutory functions.
- ii. The FCRD may disclose or transfer the information and personal data supplied by the complainant to third parties for:
 - a. the purposes related to the handling and/or investigation of the complaint, including the FSP and/or its staff who are involved in the complaint handling process and other relevant regulatory departments and institutions; and
 - b. where permitted or required by law or subpoenaed by court.

1. Type *: Initial Complaint Re-submission

2. Name of the Financial Institute & other details relevant to the Complaint *:
 _____ Account No/Loan No./Other No.: _____
Please specify the Name of Branch/Office/Division/etc., if any.
Do not mention more than one financial institute.

3. Details of Primary Complainant:
 Full Name/ Corporate Name *: _____
 NIC/Driver's License/Passport No/Other Identification *: _____

Gender *: Male Female (Not Applicable for Corporate)

Postal Address *:
 No: _____ Street Name: _____
 City: _____ Divisional Secretariat: _____ District: _____
 E-mail Address: _____
 Contact Number(s) *: _____

4. Joint Account * : <input type="checkbox"/> Yes <input type="checkbox"/> No (Tick One Only)	Joint Complainant * : <input type="checkbox"/> Yes <input type="checkbox"/> No (Tick One Only)
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Details of Joint Account Holder(s) and/or Joint Complainant(s):					
	Full Name *	NIC/Other Identification *	Gender *	Contact No. *	E-mail
1.					
2.					
3.					
4.					

5. Preferred Mode of Correspondence with FCRD *: Post or Email (Tick One Only)

6. First date of complaint submitted to the Financial Institution *: DD/MM/YYYY
 Please attach a copy of the Complaint made to the Financial Institution and the response received for the same cause of action or ground for the complaint, if available.

7. If Re-submission a complaint to FCRD for the same cause of action or ground for the complaint, first date of complaint submitted to FCRD DD/MM/YYYY and Complaint Reference Number (CRN): _____

8. Brief Description of Complaint *:
 Use extra paper, if space is not enough and attach your complaint in detail with supporting documents, if any.

9. Brief Description of the Solution/ Relief Expected *:

Attach extra paper, if space is not enough.

10. I/We confirm that the information/ documents provided above are true and accurate and that I/we have read, understood and agree with the terms and conditions and consent to share information and personal data as stipulated in this form.

..... Signature of Primary Complainant *	1.....
	2.....
	3.....
Date * :	4.....
	Signatures of Joint Complainant(s)

* Required Fields.