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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Press Release

Issued By

Department of Supervision of Non Bank Financial Institutions

Date

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Re. The Golden Key Credit Card Company Ltd.

The attention of the Central Bank has been drawn to an allegation made by an Opposition Member of Parliament wherein he has claimed that the losses to security deposit holders of The Golden Key Credit Card Company Limited (GKCL) could have been averted if the Central Bank had warned them not to invest in the GKCL, and that therefore the Government must assume the liabilities of the security deposit holders. Since such a statement could mislead the public, the Central Bank decided to issue this statement.

On 23rd July 2003, the Central Bank published an advertisement wherein the public was informed that the 31 institutions that were named in such notice, were neither licensed under the Banking Act nor registered under the Finance Companies Act, and that therefore the activities of such institutions were not supervised or regulated by the Central Bank. Such list included the institution, Golden Key Credit Card Company Limited as well. Thereafter, in keeping with the settlement as per the Supreme Court Order on Application No.99/03, in July 2003, the Central Bank confined itself to publishing only the names of the institutions that were being regulated and supervised by the Central Bank, and were consequently empowered to accept deposits from the public.

On that basis, from July 2003 to December 2008, at least 210 full-page advertisements were published in the national newspapers by the Central Bank setting out the names of institutions that were being regulated and supervised by the Central Bank. All such advertisements did not indicate GKCL as an institution that was regulated and supervised by the Central Bank, and therefore the widest possible publicity had been given that the GKCL was not an institution that was regulated or supervised by the Central Bank. In that context, any person who transacted business with the GKCL would have done so, knowing fully well that GKCL was not an institution that was regulated or supervised by the Central Bank.

In 2005, based on a complaint made by a member of the public, the Central Bank examined the business model of GKCL to ascertain as to whether it was carrying on finance business, as contemplated in the Finance Companies Act. The examination culminated with submissions being made to the top management of the Central Bank in late 2006, on behalf of the GKCL and its Chairman, Mr. Lalith Kotelawala, by their Senior Legal Counsel, Mr. Wijedasa Rajapaksha PC.

After assessing the entirety of the material before the Central Bank, and the submissions made by the legal counsel of GKCL, the Monetary Board determined that the business carried out by the GKCL did not fall under the category of finance business, as contemplated under the Finance Companies Act, and that accordingly the Monetary Board was not empowered to prevent the conduct of the credit card business of GKCL. Nevertheless, at no stage did the Central Bank give any impression whatsoever, that GKCL was entitled to accept deposits under the Finance Companies Act, or that it was a company that was regulated or supervised by the Central Bank. In fact, the exact opposite was conveyed in the large number of advertisements, published by the Central Bank, in which the GKCL was not included in the list of institutions that were supervised or regulated by the Central Bank.

In the light of the above, it is clear that the allegations leveled at the Central Bank and its senior officials by the MP concerned, are without foundation and are baseless.