



ශ්‍රී ලංකා මහ බැංකුව  
இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

## Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477418

Fax: 2346257, 2477739

E-mail: [dcommunications@cbsl.lk](mailto:dcommunications@cbsl.lk), [communications@cbsl.lk](mailto:communications@cbsl.lk)

Web: [www.cbsl.gov.lk](http://www.cbsl.gov.lk)

# Press Release

**Issued By** Department of Supervision of Non-Bank Financial Institutions

**Date** 05.12.2017

## Regulatory Actions on Distressed Finance Companies

The Monetary Board of the Central Bank of Sri Lanka (CBSL) on 06.11.2017 decided to issue a notice of cancellation of the Licence issued to Central Investments and Finance PLC (CIFL) to carry on finance business under the Finance Business Act No. 42 of 2011.

CIFL was confronted with severe liquidity crisis since 2013 due to mismanagement and other irregular transactions carried out by the management of that company. It has also been observed that the directors and senior management of these companies have fraudulently inflated the value of the assets and the examination of the documents relating to such assets has revealed that those are either fictitious or entangled with encumbrances.

The Company was not in operation since 2014. During this period, the CBSL had discussions with local and foreign institutions/ individuals who expressed their interest in investing and reviving the company. The Monetary Board also wishes to clarify that any revival plan needs at least Rs. 3 billion investments and at least 30-40% of the deposits should be repaid immediately as they had not been paid interest or the capital of their deposits for the last 4 year period. At the same time, the investors should be credible and the funds should be transferred to Sri Lanka through legal channels, in the case of foreign investors.

The total deposit liability of the company is about Rs. 3.5 billion and the number of depositors is 4,092. Of those, 2,501 depositors are with deposits less than Rs. 600,000/-. As per the present regulations, maximum amount that can be paid under Sri Lanka Deposit Insurance and Liquidity Support Scheme is Rs. 300,000/-. However, the Monetary Board having considered the plight of

the small depositors has decided to double the compensation from Rs. 300,000/- to Rs. 600,000/-. Accordingly, in the case of CIFL, 61% of the depositors will be fully settled with their deposits.

The CBSL wishes to inform the depositors and the other stake holders of CIFL, the company has the right to submit their objection to the Monetary Board within the time period mentioned in the Finance Business Act No. 42 of 2011 under which the cancellation notice was issued. Further, it is also important to mention that the CBSL has extended the deadline given to a potential investor on several occasions to prove the availability of funds which has not been fulfilled as yet.

With regard to the “The Standard Credit Finance Ltd” and “City Finance Corporation Ltd” the Monetary Board has not issued notices of cancellation as there are legal issues to be resolved with regard to those two companies.

The CBSL also wishes to inform that every effort will be made to take legal actions against those who are responsible for the frauds and misuse of depositors’ funds of those companies.