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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 19th September 2019

TKS Finance Limited

Cancellation of Licence issued under the Finance Business Act, No. 42 of 2011

TKS Finance Limited (TKSF), a Licensed Finance Company under the Finance Business Act, No. 42 of 2011 (FBA), has continuously been violating/contravening the provisions of the FBA and several Directions and Rules issued thereunder. Further, financial condition of TKSF is not satisfactory due to deficient capital level, poor asset quality, continuous losses and failure in repaying depositors' money on demand or at maturity, etc.

Despite several time extensions granted to TKSF by the Monetary Board of the Central Bank of Sri Lanka (Monetary Board) to comply with the provisions of the FBA and Directions and Rules issued thereunder, no satisfactory progress was made in order to revive the critical condition of TKSF and to comply with such provisions, directions and rules.

Considering such serious concerns prevailing at TKSF, the Monetary Board took numerous regulatory actions, including imposing maximum ceilings on deposits and borrowings, suspension of accepting new deposits, suspension of granting new loans and advances and restrictions on investment activities. However, since there was no satisfactory progress at TKSF even after such regulatory actions were taken, the Monetary Board issued a notice of cancellation of the licence issued to TKSF on 10th July 2019. TKSF had the opportunity to tender its objections, in writing, for the notice of cancellation of the licence, within the time period stipulated in the FBA, giving reasons as to why the licence issued to TKSF should not be so cancelled. Accordingly, TKSF submitted its objections to the Monetary Board by their letters dated 02nd and 08th August 2019.

As the reasons/proposals given in the objections did not provide sufficient and substantial grounds to withdraw the notice of cancellation of the licence issued to TKSF, the Monetary Board, in terms of Section 37 of the FBA decided to **cancel** the licence issued to TKSF under the FBA to carry on finance business with effect 19th September 2019.

Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) will take necessary actions to pay compensation to the insured depositors of TKSF up to a maximum of Rs. 600,000/- per depositor as per the regulations of the SLDILSS. Further, depositors may be able to recover part of their remaining deposits through the process of liquidation subject to the regulations relating to priority of claims in a winding up of a finance company.

All debtors of TKSF are advised to pay their dues to TKSF on time only through a bank account under the name of TKSF and maintain records for all payments to avoid litigations against the debtors of TKSF. Therefore, depositors are kindly requested to co-operate with CBSL in this regard.

The depositors may contact the Department of Supervision of Non-Bank Financial Institutions through 0112398806 and 0112398774 or snbfi_queryksf@cbsl.lk for further clarifications.