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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 06.12.2019

Public Awareness on Moneylending Activities

The Central Bank of Sri Lanka (CBSL) has observed that advertisements and other forms of communications are made through various channels, including print, electronic and digital media, offering loans. Complaints have been made on certain irregularities in this regard. There are some allegations regarding scams, while some are complaining on high interest rates, harassment to customers and misusing of confidential customer information by such moneylenders. A moneylender could be described as a person who carries on or advertises or announces himself or holds himself out in any way as a lender of money on interest, with or without security.

As per the existing legal framework, moneylenders do not come under a licensing and regulatory regime, unless they accept deposits. Therefore, CBSL with the Ministry of Finance has taken action to draft a law for licensing, regulation and supervision of moneylenders and protection of customers. The said law is currently in the drafting process and is expected to be enacted in the near future.

In view of these observations, the public is advised to exercise due diligence and care to avoid becoming victims of the scams operating in the guise of moneylending businesses. The public should obtain full information before entering into an agreement for a financial transaction. Further, it is advised to rely on regulated entities when entering in to financial transactions.

What you should enquire:

1. The legal status of the moneylender –
 - a. The name, registered address, location of branches and the legal form (whether a sole proprietor, partnership or a company) of the moneylender.
 - b. The contact details of the Chairman, Chief Executive Officer, or other principal officers.
2. Be clear about all the matters relating to the loan –
 - a. The tenure of the loan, the interest rate, basis of interest rate calculation (whether calculated on flat interest or reducing balance basis).
 - b. Repayment frequency (whether annual, monthly, weekly or daily repayments are required).
 - c. How to verify the details of the transaction, such as the outstanding balance, amount in arrears, default charges etc.
 - d. Additional charges/penalties, in the event of delayed payment.

What you should avoid;

1. Do not provide your personal information, especially bank account related information unless you have clearly identified the party that you are intending to transact with.
2. Do not sign any documents if you cannot read or understand the content of such document. In such case ask such moneylender for an explanation.
3. Do not sign on blank papers.
4. Do not allow others to fill the forms, and provide your personal information for the purpose, unless you can completely trust such persons.
5. Do not enter in to agreements hastily. Take your own time to study, think and take an informed decision.