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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, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

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Measures taken by the Central Bank of Sri Lanka to Provide Flexibility to Non-Bank Financial Institutions (NBFIs) to Support Businesses and Individuals Affected by the Outbreak of Coronavirus (COVID – 19)

The Monetary Board of the Central Bank of Sri Lanka (CBSL) decided to introduce number of measures to provide flexibility to NBFIs namely Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) facilitating them to support businesses and individuals affected by the outbreak of COVID-19. These measures include **relaxation of regulatory requirements** and **granting liquidity support** for needy LFCs.

Accordingly, Monetary Board relaxed the following regulatory requirements as measures to support COVID-19 affected businesses and individuals on an urgent basis:

- (a) Reduction of maintenance of liquid asset requirement for time deposits, savings deposits and borrowings to ease liquidity stress faced by LFCs/SLCs due to sudden withdrawal of cash by depositors and delay of repayment of loan rentals.
- (b) An extension of one year to comply with minimum core capital requirements. Accordingly, time line of 01.01.2020 and 01.01.2021 already set for the enhancement of capital up to Rs.2bn and Rs.2.5bn will be extended until 31.12.2020 and 31.12.2021, respectively.

- (c) Defer the enhancements of minimum capital adequacy requirements due by LFCs/SLCs on 01.07.2020 and 01.07.2021, for a further period of one year until 01.07.2021 and 01.07.2022, respectively.
- (d) Relax deadlines on submission of statutory returns and accordingly all LFCs/SLCs are informed to submit statutory returns to the Department of Supervision of Non-Bank Financial Institutions within two weeks of the commencement of normal business operations of such LFCs/SLCs.

Further, arrangements have been made to provide liquidity support under Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) for LFCs with acceptable collaterals to facilitate urgent liquidity needs of such LFCs, in order to ensure the safety and soundness of LFCs. Several other measures to enhance the liquidity are being currently considered to inject more liquidity to the system.

In addition to that, NBFIs are advised to take all possible measures to minimize their operational costs and to provide the benefits to the needy people who have affected with this Covid-19 pandemic, and to revive their businesses

While CBSL will closely monitor the operations of all financial institutions with latest market developments, and take further measures appropriately in order to maintain the Financial System Stability of the country, the General Public is hereby requested to support the initiatives taken by the authorities.