



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

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel: 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

Issued By Bank Supervision Department

Date 27 April 2020

The Central Bank of Sri Lanka Imposes Maximum Interest Rates on Pawning Advances of Licensed Banks

The Central Bank of Sri Lanka observes that the current interest rates charged by licensed banks on pawning advances range from 12% - 17.5% per annum. Considering the necessity to provide relief to low income individuals who are pawning gold jewellery to meet their short-term financing needs due to the adverse economic situation resulting from the COVID-19 outbreak, the Monetary Board of the Central Bank of Sri Lanka has decided to impose maximum interest rates on pawning advances of licensed banks.

Accordingly, an Order under the Monetary Law Act was issued to the licensed banks requiring to fix the maximum rate of interest chargeable by them on the money lent on the security of personal articles made of gold accepted as a pledge for pawning to be 12% per annum or 1% per month if the pawning period is less than one year, with effect from 27 April 2020. This maximum interest rate will be applicable for all new pawning advances and existing pawning facilities that become due for renewal commencing the date of the Order.

Further, it is expected that other institutions involved in pawning activities would also offer a lower interest rate to enable their customers to obtain urgent finances at affordable costs so that they could later on redeem their pawned gold jewellery.