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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 22nd May 2020

Cancellation of the licence of “The Finance Company PLC”

The Finance Company PLC (TFC), is a Finance Company, carried its finance business activities under the Finance Business Act No. 42 of 2011 (FBA) and was severely impacted by the failure of a number of financial institutions within the Ceylinco Group in 2008. Since then, the financial status of the company deteriorated gradually, leading to a severe liquidity crisis.

All efforts made to revive the company through different strategies have failed and the continuity of current status will be further detrimental to the interest of the depositors and other stake holders of the company. Further, the depositors of TFC were unable to withdraw their money over the last fifteen months.

As previously informed by the Press Release dated 23rd October 2019, The Monetary Board of the Central Bank of Sri Lanka (MB) issued a Notice of Cancellation (NOC) of the finance business licence issued to TFC, in terms of the powers vested under the FBA, with effect from 23rd October 2019, in order to safeguard the interests of the depositors and other stakeholders of TFC.

TFC had failed to tender a valid objection to the MB against such NOC within the stipulated time in terms of the provisions available in FBA. Accordingly, licence of TFC can be cancelled after 21st December 2019 onwards in terms of the FBA. However, upon the request of the company, the MB allowed TFC to call for a fresh round of Expression of Interests to

identify a credible investor with valid proof funds and a viable business restructuring plan to revive the operations of the company but TFC failed to identify such investor up to date.

Therefore, the MB decided to cancel the finance business licence issued to TFC, in terms of the FBA with effect from 22nd May 2020. Accordingly, TFC is not permitted to engage in Finance Business under the FBA with effect from such date.

Further, the Director of the Department of Supervision of Non- Bank Financial Institutions of the Central Bank of Sri Lanka (CBSL) has decided to cancel the Certificate of Registration of TFC as a Registered Finance Leasing Establishment under the provisions of the Finance Leasing Act No. 56 of 2000.

The Sri Lanka Deposit Insurance and Liquidity Support Scheme of the CBSL will take necessary actions to pay compensation to the insured depositors under the applicable laws and regulations which would facilitate to settle 93% of the company's total depositors in full (135,100 depositors out of 145,172 total depositors), while each of the remaining 7% depositors (10,072 depositors) will also receive Rs.600,000/-as a part of their deposit amount and the remaining balance may be able to recover in the process of liquidation subject to the priority of claims. Further information regarding the payment of compensation will be communicated in due course.

For further clarifications;

Institution	Purpose	Telephone Numbers	Email addresses
Department of Supervision of Non-Bank Financial Institutions	Cancellation of the licence	011 2477573 011 2477229 011 2477504	snbfi_query@cbsl.lk
Resolution and Enforcement Department	Payment of compensation under Deposit Insurance	011 2398788	dred@cbsl.lk
The Finance Company PLC	Deposits	011 2557888 011 2580210	info@thefinance.lk
	Pawning Advances obtained from the company	071 1359248	
	Other facilities obtained from the company	071 4086248 071 1864361	