

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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The Government of Sri Lanka and the World Bank sign an agreement for financing of \$150 million to strengthen the resilience of Sri Lanka's financial sector

The Government of Sri Lanka (GOSL) and the World Bank signed an agreement for \$150 million in financing for Sri Lanka to strengthen the resilience of the financial sector through the Financial Sector Safety Net Strengthening Project (FSSNP). In parallel, the project agreement between the World Bank and the Central Bank of Sri Lanka (CBSL) was also entered in respect of the project implementation arrangements.

The project development objective is to strengthen Sri Lanka's financial sector safety net with the focus on the Sri Lanka Deposit Insurance Scheme (SLDIS), which is managed by the CBSL. The project also aims to strengthen the financial and institutional capacity of SLDIS in line with international best practices for effective deposit insurance schemes.

The CBSL will be the Implementing Agency of FSSNP. The Deposit Insurance Scheme of Sri Lanka was legally instituted and named as the Sri Lanka Deposit Insurance Scheme with the enactment of the Banking (Special Provisions) Act, No. 17 of 2023.

Signing of agreements between GOSL, the WB and the CBSL were represented by Mr. K.M. Mahinda Siriwardana, the Secretary to the Treasury, Mr. Faris Hadad-Zervos, the World Bank Country Director for Maldives, Nepal and Sri Lanka and Dr. P. Nandalal Weerasinghe, the Governor of the CBSL, respectively. The World Bank Regional Vice President for South Asia, Mr. Martin Raiser, was in attendance at the signing ceremony.

“The proposed loan will boost the reserves of SLDIS thereby enhancing the payout capability of the scheme and also facilitate the SLDIS to become more aligned with the internationally accepted best practices on deposit insurance. These measures will help to build the confidence of the depositors in the financial system and lead to the stability of the country's financial system. Hence, the World Bank support by way of this financing facility is considered a timely measure” stated Dr. P. Nandalal Weerasinghe, the Governor of the CBSL.

“A stable and reliable financial sector is crucial for Sri Lanka's economic revival and sustainable growth. Strengthening the Deposit Insurance Scheme will safeguard the savings of smaller depositors, including women and people living in rural areas. It will also sustain the confidence in Sri Lanka's financial system, which will pave the way for job creation, business growth and enhanced financial

well-being of Sri Lankan people.” were the comments of Mr. Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka, with respect to FSSNP.