

Major Economic Policy Measures¹

(Published as a supplement to the Annual Economic Review of the Central Bank of Sri Lanka 2024)

Monetary Policy

- 09 February 2024 - With effect from the reserve maintenance period commencing 16 February 2024, the restriction on the Standing Lending Facility (SLF) was removed and the restriction on Standing Deposit Facility (SDF) was relaxed from five times (05) to ten times (10) during a calendar month.²
- 26 March 2024 - With effect from 01 April 2024, the remaining restrictions on the usage of SDF was removed.
- Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were reduced by 50 bps to 8.50% and 9.50%, respectively.
- 24 July 2024 - SDFR and SLFR were reduced by 25 bps to 8.25% and 9.25%, respectively.
- 27 November 2024 The Central Bank moved to a single policy interest rate mechanism from its dual policy interest rate mechanism. Accordingly, the Overnight Policy Rate (OPR) was introduced, as the Central Bank's primary monetary policy tool to signal and operationalise its monetary policy stance and set at 8.00% reflecting an effective reduction of 50 bps. Further, SDFR and SLFR were linked to the OPR with a margin of ± 50 bps and set at 7.50% and 8.50%, respectively.³

Special Credit Schemes

- 03 January 2024 - The Governing Board (GB) of the Central Bank of Sri Lanka (CBSL) took a policy decision not to implement new Government and Donor funded loan schemes in the future. However, CBSL will continue to operate the existing loan schemes until the conclusion of such schemes.

¹ Includes major economic policy measures implemented since 01 January 2024 until 15 March 2025 and policy measures that are to be implemented in the near future.

² Restrictions on Standing Facilities were imposed effective since 16 January 2023, in view of reducing the over reliance of participating institutions on Standing Facilities of the Central Bank.

³ SDFR and SLFR are no longer considered as policy interest rates of the CBSL, but continue to serve as the rates applicable for standing facilities for participatory institutions.

- The GB of the CBSL took a policy decision not to facilitate implementation of the New Comprehensive Rural Credit Scheme (NCRCS) from Season I, 2025, returning the credit guarantee fund to the Ministry of Finance, Planning and Economic Development (MOF).
- 28 August 2024 - Operating Instructions of the “Manusavi” Loan Scheme for Sri Lankan Migrant Workers were amended to include “Siblings” as immediate family member in addition to spouse, children and parents.

Payments and Settlements

- 17 January 2024 - CBSL mandated JustPay enabled mobile payment applications to request a One-Time-Password (OTP) from the financial institution of the account linked to the application for transactions equal to or exceeding Rs. 10,000/- starting from 01 April 2024. JustPay facilitates users to link their current or savings accounts from any financial institution and make payments by pulling funds from linked accounts through the mobile application.
- 01 February 2024 - Approval was granted for LankaPay (Pvt) Ltd. (LPPL) to join with the Nepal Clearing House Ltd for the acceptance of LANKAQR transactions made by Nepali tourists through NEPALPAY QR mobile applications.
- 20 April 2024 - Money or Value Transfer Service (MVTs) Providers Regulations No. 1 of 2024 was issued under the provisions of the Payment and Settlement Systems Act, No. 28 of 2005. Accordingly, effective from 03 June 2024, these regulations require all MVTs providers to be registered and be monitored, offering unregistered or unlicensed MVTs providers the opportunity to formalise their operations and engage in the money transfer business through formal channels.
- 03 December 2024 - CBSL instructed all Mobile Payment Application Providers (MPAPs) to establish a suitable mechanism to obtain information to identify the user and verify the information provided by users when registering for Payment Apps in order to safeguard Current Accounts/Savings Accounts (CASA) of customers from unauthorised access, effective from 31 March 2025. Further, MPAPs were instructed to ensure the

user of the Payment App and the owner of the CASA is the same when a CASA is linked to a JustPay enabled Payment App.

- 20 December 2024 - With effect from 01 January 2025, the maximum Merchant Discount Rate (MDR) of LANKAQR transactions was reinstated to 1% of the transaction amount to encourage financial institutions to promote LANKAQR. Further, the maximum per transaction limit of LANKAQR was increased from Rs. 200,000/- to Rs. 500,000/- while the minimum transaction limit of LANKAQR was reduced to Rs. 1/- from Rs. 10/-.
- 27 January 2025 - In order to encourage adoption of digital transactions, the CBSL mandated a maximum per transaction fee of Rs. 15/- for the payments effected through GovPay, the platform for making digital payments to government institutions which do not have an internal Information and Telecommunication (IT) system with effective from 01 February 2025.
- 07 February 2025 - With effect from 15 February 2025, the CBSL decided a fee of Rs. 25/- as the maximum fee that could be charged on a Common Electronic Fund Transfer Switch (CEFTS) transaction effected through Internet Banking, Mobile Banking and Automated Teller Machines (ATMs) of respective member of CEFTS. Further, it was decided that the maximum fee charged on a transaction effected through the LankaPay Online Payment Platform (LPOPP), which facilitates payments to institutions such as Inland revenue Department and Sri Lanka Customs shall not exceed Rs. 25/- per transaction.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

- 01 April 2024 - Circular 01/2024 – Compliance with the Reporting Requirements under the Financial Transactions Reporting Act, No. 6 of 2006 was issued.
- 05 September 2024 - Circular 02/2024 – Compliance with the Rules on Customer Due Diligence for Financial Institutions was issued.
- 19 September 2024 - Circular 02A/2024 – Compliance with the Rules on Customer Due Diligence for Insurance Companies was issued.

- 02 October 2024 - Circular 03/2024 – Ensuring Institutional Compliance of the Restricted Dealers with the provisions of the Financial Transactions Reporting Act, No. 6 of 2006 was issued.
- 04 November 2024 - Circular 04/2024 – Compliance with the Financial Transaction Reporting Act, No. 6 of 2006 and the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018 was issued.

Foreign Exchange Management and International Operations

- 01 January 2024 - Directions No. 01 of 2024 were issued under the provisions of the Foreign Exchange Act, No. 12 of 2017, to amend Directions No. 01 of 2023 dated 27 February 2023 issued on ‘Special Foreign Currency Accounts - Investee to facilitate current transactions’, extending the validity period of opening these accounts until 30 June 2024.
- 15 February 2024 - Regulations published in the Extraordinary Gazette Notifications No. 2371/33 dated 15 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, permitting non-residents to acquire, hold, divest or pledge as collateral any securities listed in the Colombo Stock Exchange under “Securities Borrowing and Lending” transactions in terms of the rules promulgated by a clearing house licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021. Directions No. 02 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024.
- 16 February 2024 - Regulations published in the Extraordinary Gazette Notifications No. 2371/48 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, repealing the permission for resident companies to obtain loans with a tenure of less than three years from non-residents and

permitting to make repayments to non-residents for such already obtained loans by way of conversion of Sri Lanka Rupees where the resident company has no sufficient foreign exchange balances/cash flows. Directions No. 03 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024.

- Regulations published in the Extraordinary Gazette Notifications No. 2371/49 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, permitting to pay income or maturity proceeds of listed debt securities or listed shares held by non-residents, by way of conversion of Sri Lanka Rupees where the investee has no sufficient foreign exchange balances/cash flows. Directions No. 04 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024.
- Regulations published in the Extraordinary Gazette Notifications No. 2371/50 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to repeal the Regulations No. 6 of 2021 published in the Extraordinary Gazette Notifications No. 2234/20 of 30 June 2021, concerning the permission for resident companies to invest in International Sovereign Bonds (ISBs) utilising the proceeds of loans obtained from non-residents.

18 June 2024

- Order published in the Extraordinary Gazette Notifications No. 2389/08 dated 18 June 2024, was issued under Section 22 of the Foreign Exchange Act, No. 12 of 2017, relaxing several capital flow measures imposed under the previous Order, published in the Extraordinary Gazette Notifications No. 2363/26 dated 20 December 2023.

- 01 July 2024 - The "Repatriation of Export Proceeds into Sri Lanka Rules No. 01 of 2024" published in the Extraordinary Gazette Notifications No. 2391/02 dated 01 July 2024, were issued under the provisions of Central Bank Act, No. 16 of 2023, extending the time period for mandatory conversion requirement for residual of export proceeds to the 10th day of the month following the expiration of three calendar months (including the month of receipt) from the date of receipt as against the period of 07th day of the following month, which had been stipulated in the previous Rules. Upon parliamentary approval, these rules came into effect on 04 September 2024.
- 01 August 2024 - Directions No. 05 of 2024 and Directions No. 06 of 2024 were issued under the provisions of the Foreign Exchange Act, No. 12 of 2017 facilitating the transactions of the foreigners who obtain the resident visa under the special visa programmes implemented by the Department of Emigration and Immigration.
- 19 December 2024 - Order published in the Extraordinary Gazette Notifications No. 2415/56 dated 19 December 2024, was issued under Section 22 of the Foreign Exchange Act, No. 12 of 2017, extending the capital flow measures imposed under the previous Order published in the Extraordinary Gazette Notifications No. 2389/08 dated 18 June 2024 for further 6 months while addressing certain shortcomings of such measures.

Public Debt Management

- 11 March 2024 - The amount offered at Phase II of Treasury bill auctions has been reduced to the aggregate auction shortfall at Phase I and 10% of the aggregate amount offered or Rs. 5.0 bn (whichever is higher) in terms of the amended Directions issued on 07 March 2024 which was in force effective from 11 March 2024.
- The amount offered at Direct Issuance Window (DIW) of Treasury bond auctions has been reduced to 10% of the amount offered from International Securities Identification Numbers (ISINs), which are fully accepted at Phase I in terms of the amended Directions issued on 07 March 2024, which was in force effective from 11 March 2024.

- 01 April 2024 - Dispatching of printed periodic statements of government securities investments was discontinued and replaced by converting fully into the e-statement facility, where recording of valid email addresses are mandatory for all the Securities account holders in LankaSecure system.
- 20 December 2024 - The ISBs exchange under the External Debt Restructuring Programme was executed with the participation of 97.86% of the eligible bondholders.
- During the exchange, bondholders were issued four (04) Step-up Macro-linked bonds, one Step-up Governance-linked bond, one step up USD bond and a bond to cover Past Due Interest (PDI) maturing in 2028 as given below.

Description	Coupon rate (%)	Principal amount (USD)
PDI Bonds due 2028	4.0	1,647,735,257
Step-Up Macro-Linked Bonds due 2030	3.1	1,086,993,557
Step-Up Macro-Linked Bonds due 2033	3.35	2,132,120,275
Step-Up Macro-Linked Bonds due 2036	3.6	999,165,345
Step-Up Macro-Linked Bonds due 2038	3.6	1,999,171,191
Step-Up Governance-Linked Bonds due 2035	3.6	1,439,672,065
USD Step-Up Bonds due 2038	1.0	1,126,487,250

Source: Ministry of Finance, Planning and Economic Development

In addition to the above, to provide an exchange fee for the bond holders whose instructions with regards to a series of existing bonds are validly delivered at or prior to the expiration deadline of the exchange offer, USD denominated “Exchange fee” bonds were issued amounting to USD 215,237,873 due in 2024. Further, SLFR linked eight (08) new Treasury Bonds were issued for the implementation of the local option of the restructuring of ISBs amounting to Rs. 155,728.6 mn.

30 December 2024 Implementation of LKR loan settlement by issuing five (05) new SLFR linked Treasury Bonds in restructuring of the Ceylon Petroleum Corporation loans.

Financial Sector

Licensed Banks

- 29 February 2024 - Amendments to the Circular No. 08 of 2019 on “List of Qualified Auditors to Audit the Accounts of Licensed Commercial Banks and Licensed Specialised Banks” were issued by replacing PricewaterhouseCoopers and SJMS Associates with Deloitte Partners and Deloitte Associates, respectively, to reflect the changes of names of aforesaid audit firms.
- 25 March 2024 - Banking Act Directions were issued on “Large Exposures of Licensed Banks,” to be implemented effective from 01 January 2026, with a view to mitigating the potential credit concentration risks, in order to ensure safety and soundness and to preserve public confidence in the banking sector.
- 28 March 2024 Circular was issued on “Guidelines for the Establishment of Business Revival Units in Licensed Banks”, with a view to facilitating the sustainable economic revival of businesses affected by the extraordinary macroeconomic circumstances, and to ensure the proper handling of the increased impaired assets of licensed banks, while strengthening and reformulating already established Post COVID-19 Revival Units of licensed banks as business revival units.
- 15 April 2024 - Monetary Law Act Order No. 01 of 2023 dated 25 August 2023 on “Maximum Interest Rates on Rupee Denominated Lending Products” was rescinded, considering the notable easing of monetary policy and monetary conditions that has provided space for licensed banks to reduce the lending rates further.

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| 13 June 2024 | - Banking Act Determination was issued on “Statutory Liquidity Ratios of Licensed Banks”, determining that every licensed bank shall maintain Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as the statutory liquidity ratios of banks, discontinuing the maintenance of Statutory Liquid Assets Ratio (SLAR), in terms of the Section 21(1) and 76(H) of the Banking Act No. 30 of 1988, as amended by the Banking (Amendment) Act, No.24 of 2024. |
| 14 June 2024 | <ul style="list-style-type: none">- Banking Act Directions were issued on “Off-shore Banking Business of Licensed Commercial Banks” with a view to facilitating the conduct of off-shore banking business, with the implementation of the Banking (Amendment) Act No.24 of 2024. These Directions also specify the authorised businesses, eligible customers for the purpose of carrying on off-shore banking business, permitted transactions, and granting of accommodation under off-shore Banking Business. Further, Banking Act Order was issued revoking (Off-shore Banking Business Scheme) Orders and other instructions applicable to Off-shore Banking Units of Licensed Commercial Banks (LCBs).- Banking (Off-shore Banking Business) Order was issued, designating foreign currencies for the purpose of carrying on off-shore banking business by LCBs with the effect from 15 June 2024. |
| 15 June 2024 | - The Banking (Amendment) Bill which was drafted to strengthen the legal and regulatory framework for licensed banks, was approved by the Parliament on 02 April 2024 and came into operation as the Banking (Amendment) Act, No. 24 of 2024 on the appointed date of 15 June 2024. These amendments strengthen the areas of inter alia minimum licensing requirements, criteria for shareholder suitability, bank ownership, acquisitions, mergers and consolidation, consolidated supervision, proportionality, requirements on accounts and audit, large exposure, related party transactions, corporate governance, offshore banking business, etc. |
| 28 June 2024 | - Amendments to the Banking Act Directions No. 08 of 2019 on “Assessment of Fitness and Propriety of Directors of Licensed Banks in Sri Lanka” and Banking Act Determination No. 01 of 2019 on |

- “Assessment of Fitness and Propriety of Chief Executive Officer and Officers Performing Executive Functions in Licensed Banks were issued, revising the Affidavit formats given in Schedule I thereto, in order to strengthen the criteria of assessment of fitness and propriety of Directors, Chief Executive Officers and Officers Performing Executive Functions of licensed banks, in line with the Banking (Amendment) Act No 24 of 2024.
- 19 July 2024 - Amendments to the Banking Act Directions No. 01 of 2016 on “Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks” were issued assigning a risk weight of 20% for the portion of exposures guaranteed by National Credit Guarantee Institution Limited (NCGIL) and including NCGIL in the indicative list of Financial Institutions for the purpose of the cited Directions.
- 30 August 2024 - With the development of a new national definition for “Women-Owned/Led Businesses” in Sri Lanka by the MOF in consultation with relevant stakeholders, guidelines were issued to licensed banks for reporting sex-disaggregated data on exposures to Micro, Small, and Medium Enterprises (MSMEs) based on the revised definition of women entrepreneurs.
- 11 September 2024 - Banking Act Determination was issued on “Minimum Number of Members of Boards of Directors of Selected Licensed Banks”, determining the minimum number of members of the Board of Directors as ten for Bank of Ceylon and People's Bank and nine for National Savings Bank and Pradeshiya Sanwardhana Bank.
- 30 September 2024 - Banking Act Directions on “Corporate Governance for Licensed Banks” were issued with a view to further strengthening corporate governance processes and practices in licensed banks mainly through improving the composition and independence of the Board of Directors, ensuring the effective functioning of Board sub-committees, enhancing the effectiveness of risk oversight and control functions including improved oversight of related party transactions.

01 October 2024	- Banking Act Determination was issued specifying related parties of licensed banks and approved securities in respect of accommodation granted to such related parties, with a view to mitigating potential conflicts of interest and preventing the extension of more favourable treatment to related parties of licensed banks. Further, previous Directions issued in this regard were revoked.
03 October 2024	- Gazette was published, specifying approved limits with respect to accommodation granted by licensed banks to related parties of such banks.
03 December 2024	- Circular was issued on “Guidelines for the Establishments of Mobile Banking Units of Licensed Commercial Banks” with a view to strengthening the process and adopting a uniform practice among LCBs in establishing Mobile Banking Units.
19 December 2024	- Circular was issued highlighting relief measures to be provided to Small and Medium Enterprises affected due to the Easter Sunday attack, COVID-19 pandemic and the extraordinary macroeconomic conditions that prevailed during the recent past, as agreed by the Sri Lanka Banks’ Association (Guarantee) Ltd.
31 December 2024	Circular was issued specifying publication formats for the quarterly and annual financial statements of licensed banks in the Press, Annual Report and Web site of the respective bank, simplifying the existing publication formats of publishing annual and quarterly financial information in the Press.
01 January 2025	- An addendum to the Circular No. 04 of 2024 on “Relief Measures to Assist the Affected Small and Medium Enterprises” was issued further clarifying its content with a view to ensuring effective implementation of the specified relief measures in a consistent manner across all licensed banks.
Forthcoming	- An addendum to Directions on Corporate Governance for Licensed Banks. Directions on Outsourcing Business Operations. Framework on Market Driven Consolidation.

Finance Companies (FCs), Specialised Leasing Company (SLC), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)

- 05 January 2024 - The GB of CBSL, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, extended the suspension of Perpetual Treasuries Limited (PTL) from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2024, in order to continue with the investigations that are being conducted by CBSL.
- 13 February 2024 - A Direction was issued on periodic reporting requirements with the objective of obtaining timely, accurate, consistent and complete information of FCs to ascertain the manner in which the business and corporate affairs of FCs are being conducted or for any other specified purpose.
- 03 May 2024 - A Direction was issued on credit risk management with a view to establishing a sound credit risk management framework through formulation of a credit risk management strategy, credit risk management policy, credit risk governance structure including prudential limits, and ensuring availability of an effective system in place to identify, measure, monitor and control the credit risk.
- 05 July 2024 - The GB of CBSL, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, extended the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 July 2024, in order to continue with the investigations that are being conducted by CBSL.
- 25 July 2024 - Subsequent to the amalgamation of Multi Finance PLC (MFP) with LB Finance PLC as part of the Masterplan for Consolidation of Non-Bank Financial Institutions (the Masterplan), CBSL cancelled the licence issued to MFP to carry on finance business under the Finance Business Act, No.42 of 2011 (FBA). Further, the registration of MFP issued under the Finance Leasing Act, No.56 of 2000 (FLA) was

- cancelled by the Director, Department of Supervision of Non-Bank Financial Institutions.
- 22 October 2024 - In terms of Section 32(4) of the FBA, the Commercial High Court of Colombo issued an order to appoint a Liquidator to TKS Finance Ltd., whose licence was cancelled previously.
- 23 October 2024 - Guidelines on remuneration policies and disclosure requirements were issued with the objective of improving consistency, fairness and transparency in remunerating the directors and senior management of FCs.
- 21 November 2024 - A direction was issued on deposit solicitation by FCs with a view to protecting depositors and promoting fair competition among FCs by specifying the conditions for acceptance of deposits, publishing of advertisements and offering incentive schemes for solicitation of deposits.
- 29 November 2024 - A direction was issued on operational risk management to establish a sound operational risk management framework through formulation of operational risk management policy and procedures, operational risk governance structure and effective operational risk management processes across FCs to identify, assess, monitor and report, and control and mitigate operational risk while ensuring delivery of uninterrupted services to the customers.
- 27 December 2024 - With the conclusion of the Phase I of the Masterplan, the revised framework of the Phase II of the Masterplan was introduced to FC sector aiming to develop a more resilient FC sector in the medium to long term. The revised framework has an execution period of three-years, spanning from 31 March 2025 to 31 March 2028.
- 05 January 2025 - The GB of CBSL, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, extended the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2025, in order to continue with the investigations that are being conducted by CBSL.

- Forthcoming
- Implementing the revised framework of the Phase II of the Masterplan to ensure resilience of the FC sector in the medium to long term.
 - Amending the existing regulatory framework in line with the current market developments, including amendments to FBA and FLA.
 - Introducing rules and regulations to improve stability of the non-banking sector while strengthening the supervisory review process.

Insurance⁴

- 08 January 2024
- Circular 01 of 2024 on “Eligibility Criteria for Valuers” was issued repealing Circulars 30 and 35 and combining the requirements of the same.
- 09 January 2024
- Circular 02 of 2024 was issued repealing Circular 41, in respect of non-compliance of reporting requirements and non-compliance of the provisions of Regulation of Insurance Industry Act (RII Act).
- 01 February 2024
- Direction 01 of 2024 was issued to limit the minimum period of endowment policies for Long Term Insurance Products.
- 08 February 2024
- Direction 02 of 2024 was issued to all insurers and brokers directing them to revoke the agency contracts of individuals whose results of the G.C.E. Ordinary Level examination are not verified and confirmed to Sri Lanka Insurance Institute (SLII) as per paragraph 4 of Insurance Regulatory Commission of Sri Lanka (IRCSL) letter dated 07 April 2016.
- 26 February 2024
- Circular 03 of 2024 was issued to the General Insurance Companies regarding “Optional Compensation Scheme for Third Party Victims of Motor Vehicle Accidents – for Death or Permanent Disability”.
- 08 May 2024
- Direction 04 of 2024 was issued to insurers outlining the Terms and Conditions that must be adhered to prior to declaring and distributing of dividends (including interim dividends) to shareholders.

⁴ These are policy measures taken by the Insurance Regulatory Commission of Sri Lanka and contains updates up to 07 March 2025.

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| 14 May 2024 | - Direction 03 of 2024 was issued to all insurers, brokers and agents replacing the existing Guidelines in respect of the “Advertisements Issued by Insurers, Insurance Brokers and Insurance Agents” for effective supervision. |
| 20 May 2024 | - Circular 04 of 2024 was issued to all General Insurance Companies prohibiting the advertisement/promotion of third party motor insurance, except in the circumstance where such advertisement/promotion by third party motor insurance is carried out together with the advertisement/promotion of comprehensive motor insurance cover and where emphasis is given to comprehensive motor insurance cover. |
| 09 August 2024 | - Guidelines were issued to all the Long Term insurers requiring them to include comprehensive details in the policy documents issued to the policyholders. |
| 22 August 2024 | <p>- Terms and Conditions were issued to the industry, amending the Terms and Conditions issued in 2017 in relation to the transactions involving reinsurance arrangements.</p> <p>- Direction 05 of 2024 was issued to the industry on “Sale of Insurance Products to Customers of Mobile Network Operators’ (MNOs) and Fixed Line Operators’ (FLOs) Through the Usage of Data and Platform of MNOs and FLOs”.</p> |
| 24 September 2024 | - Direction 06 of 2024 was issued to the industry on “Insurance Product Information Document by Insurance Companies and Insurance Intermediaries”. |
| 25 September 2024 | - Direction 07 of 2024 was issued repealing Direction 11, on “Overseas Health Insurance” which permits the registered insurance brokers to make referral to the authorised insurance brokers (for overseas health insurance business) for the placement of overseas health insurance product. |
| 04 November 2024 | - New Rules were issued to Insurance Brokers in respect of minimum capital requirements (net and stated capital), registration fee, requirements for reinsurance brokering business, etc. |
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Capital Market⁵

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| January 2024 | <ul style="list-style-type: none"> - Rules relating to Shariah Compliant Debt Securities were finalised and guidelines for Shariah Scholars were published. - Approval was obtained for the Regulatory Framework to facilitate the issuance and listing of Infrastructure Bonds on Colombo Stock Exchange (CSE). |
| March 2024 | <ul style="list-style-type: none"> - Approval was obtained for the establishment of a Derivatives Exchange, and a sub-committee was formed to drive the initiative. |
| April 2024 | <ul style="list-style-type: none"> - Approval was obtained for the selected Shariah Scholars to be registered as “Supplementary Service Providers”. |
| September 2024 | <ul style="list-style-type: none"> - Approval was obtained to endorse the “Standard Shariah Compliant Securities Screening Methodology” for Whitelist Indices developed by the Accredited Shariah Scholars of the Securities and Exchange Commission (SEC). - Approval in principle was obtained to introduce Social Bonds. |
| January 2025 | <p>Approval was obtained for the Capital Market Strategy 2025 – 2035.</p> <p>Approval was obtained for increasing the per order value of share orders routed through mobile based application platforms operated by third party service providers.</p> |

Other Financial Sector Related Policy Measures

Financial Sector Safety Net Strengthening Project (FSSNP) of the World Bank

The following Loan Agreements were signed between the International Development Association (IDA) of the World Bank, the Ministry of Finance, Planning and Economic Development (MOF) and the CBSL under the FSSNP of the World Bank.

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| 31 January 2024 | - Financing Agreement signed between IDA and the MOF ⁶ |
| 01 February 2024 | - Project Agreement signed between IDA and the CBSL |
| 06 February 2024 | - Subsidiary Agreement signed between the MOF ⁶ and the CBSL |

⁵ These are policy measures implemented by the Securities and Exchange Commission and contains updates up to 07 March 2025.

⁶ At the time of signing agreements, the name of the ministry was “Ministry of Finance, Economic Stabilisation and National Policies”.

- 10 April 2024 - The Market Conduct Supervision Division was established under the Financial Consumer Protection Regulations (FCPR) to strengthen regulatory oversight and ensure fair treatment of financial consumers by monitoring, assessing, and enforcing compliance with market conduct standards by financial institutions regulated by the CBSL.
- 21 May 2024 - The Financial Literacy Roadmap of Sri Lanka (2024-2028) was launched under the National Financial Inclusion Strategy (NFIS) to provide unified policy direction for stakeholders in financial literacy initiatives, aiming to improve the financial behaviour and resilience of Sri Lankans.
- 30 May 2024 - **Enhancing Efficiency and Effectiveness of Compensation Payment Mechanism**
The CBSL issued Operating Instructions No. 01 of 2024 on the Mandatory Recording of Unique Identification Numbers (UINs) of Depositors by Licensed Banks (LBs) and Licensed Finance Companies in terms of the Banking (Special Provisions) Act No.17 of 2023 (BSPA) by repealing the Banking Act Directions No. 07 of 2022 on ‘Mandatory Recording of the UINs of Depositors by LBs’ dated 29 August 2022 and the Finance Business Act Directions No. 03 of 2022 on ‘Recording of UINs of Depositors’ dated 02 September 2022. This directive aims to enhance the efficiency and effectiveness of the compensation payment process while simplifying the process of identifying depositors. Moreover, the Depositor-Wise Data Collection System has been successfully implemented across all FCs and is currently being rolled out across LBs.
- 17 July 2024 - **Financial Sector Stability and Crisis Management**
The CBSL strengthened the resolution framework under the BSPA to enhance crisis preparedness. The development of a comprehensive Resolution Policy aligns Sri Lanka’s financial stability framework with global best practices, ensuring a proactive approach to handle distressed financial institutions.

- 31 July 2024 - **Guidelines on the Reimbursement of Insured Deposits Under the Sri Lanka Deposit Insurance Scheme (SLDIS)**
As part of the FSSNP of the World Bank and in alignment with international best practices, new Guidelines on the Reimbursement of Insured Deposits under the SLDIS have been introduced. These Guidelines aim to streamline and expedite the claims filing and processing procedures, providing greater benefits to insured depositors. Accordingly, the CBSL has successfully achieved Performance-Based Condition (PBC) 09 under the FSSNP, thereby securing the funds allocated to PBC 09.
- 08 August 2024 - The Financial Consumer Protection Regulation No. 01 of 2023, issued on 08 August 2023, came into partial effect from 08 February 2024 and full effect on 08 August 2024.
- 03 October 2024 - **Establishment of the Financial Stability Fund (FSF)**
To enhance crisis management and to achieve the resolution objectives, the CBSL established the FSF with a nominal allocation of Rs. 500 mn. The FSF aims to facilitate the creation of bridge banks, provide temporary financial assistance by the Government and to capitalise LBs having systemic importance or impact by the Government, ensuring that financial sector disruptions do not escalate into broader economic crises.
- 01 November 2024 - Regional Development Department (RDD) of the CBSL made necessary arrangements to revamp the activities of the Credit Counselling Centre (CCC) with the Sri Lanka Banks' Association Ltd (SLBA), thereby contributing to the objective of ensuring financial system stability as stipulated in the Central Bank of Sri Lanka Act, No 16 of 2023.
- 27 December 2024 - **Fiscal back-stop funding arrangement for the Sri Lanka Deposit Insurance Scheme (SLDIS)**
The CBSL and the MOF entered into a Memorandum of Understanding (MOU) for the fiscal back-stop funding arrangement for the SLDIS

- The Banking (Special Provisions) Act Directions No. 02 of 2024 on amendments to the Banking (Special Provisions) Act Directions No. 01 of 2023 – Administration and Management of the SLDIS was issued to Member Institutions (MIs) of the SLDIS.

Import and Export Controls

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| 11 January 2024 | - Imports and Exports (Control) Regulations No. 01 of 2024 (published in the Extraordinary Gazette Notification No. 2366/19) were issued, allowing the importation of selected motor vehicles, which were temporarily suspended, to fulfil specific requirements of several Government institutions. |
| 07 February 2024 | - Imports and Exports (Control) Regulations No. 02 of 2024 (published in the Extraordinary Gazette Notification No. 2370/15) were issued, extending the period allowed to import fully electric vehicles for Sri Lankans working abroad by amending regulation No. 12(a) of Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Extraordinary Gazette Notification No. 2312/78). |
| 19 February 2024 | - Imports and Exports (Control) Regulations No. 03 of 2024 (published in the Extraordinary Gazette Notification No. 2372/04) were issued, allowing the importation of selected spices (e.g., pepper, nutmeg, and mace, etc.) for processing and re-export purpose by an approved enterprise.
<i>(These Regulations were cancelled with effect from 19 March 2024)</i> |
| 28 February 2024 | - Imports and Exports (Control) Regulations No. 04 of 2024 (published in the Extraordinary Gazette Notification No. 2373/28) were issued, removing regulation No. 6, which pertained to the prior endorsement requirement of the DP and DA payment terms for import, as stipulated in Imports Control Regulations on Payment Terms No. 07 of 2022 (published in the Extraordinary Gazette Notification No. 2278/21). |
| 19 March 2024 | - Imports and Exports (Control) Regulations No. 05 of 2024 (published in the Extraordinary Gazette Notification No. 2376/14) were issued, allowing the importation of selected vehicles, which were temporarily suspended, to fulfil specific requirements of several Government institutions. |

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| 17 May 2024 | - Imports and Exports (Control) Regulations No. 07 of 2024 (published in the Extraordinary Gazette Notification No. 2384/34) were issued, allowing the importation of selected motor vehicles for the tourism sector. |
| 18 July 2024 | - Imports and Exports (Control) Regulations No. 10 of 2024 (published in the Extraordinary Gazette Notification No. 2393/36), were issued allowing the importation of selected spices for processing and re-export purposes, for approved enterprises. |
| 21 August 2024 | - Imports and Exports (Control) Regulation on Payment Terms No. 11 of 2024 (published in the Extraordinary Gazette Notification No. 2398/18), were issued, allowing the importation of selected goods, including capital/ project related goods, by an authorised person by amending Import Control Regulations on Payment Terms No. 07 of 2022 (published in the Extraordinary Gazette Notification No. 2278/21). |
| 11 September 2024 | - Imports and Exports (Control) Regulations No. 12 of 2024 (published in the Extraordinary Gazette Notification No. 2401/21) were issued, allowing the importation of brand-new Semi Knocked Down (SKD) kits, for motor vehicle assembly facilities established under the Board of Investment of Sri Lanka by amending regulation issued under Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Extraordinary Gazette Notification No. 2312/78). |
| 18 December 2024 | - Imports and Exports (Control) Regulations No. 14 of 2024 (published in the Extraordinary Gazette Notification No. 2415/35) were issued, removing the temporary suspension on importation of public passenger transport vehicles, special purpose vehicles, and other non-motorised goods by amending Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Extraordinary Gazette Notification No. 2312/78).

(This regulation was rescinded with the issuance of Imports and Exports (Control) Regulations No. 01 of 2025, dated 27 January 2025) |
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- 27 January 2025 - Imports and Exports (Control) Regulations No. 01 of 2025 (published in the Extraordinary Gazette Notification No. 2421/04) were issued, removing the temporary suspension on importation of public passenger transport vehicles, special purpose vehicles, commercial or goods transport vehicles and other non-motorised goods.
(This regulation was rescinded with the issuance of Imports and Exports (Control) Regulations No. 02 of 2025, dated 31 January 2025)
- 31 January 2025 - Imports and Exports (Control) Regulations No. 02 of 2025 (published in the Extraordinary Gazette Notification No. 2421/44) were issued, removing the temporary suspension on the importation of public passenger transport vehicles, special purpose vehicles, commercial or goods transport vehicles, personal usage vehicles and other non-motorised goods.

Tax Revisions

Income Tax

- 21 March 2024 - A gazette notification (Extraordinary Gazette Notification No. 2376/25) was issued prescribing the information to be shared on a regular basis with the Department of Inland Revenue. Accordingly, following government institutions/persons should share the required information with effect from 01 April 2024.
- The Register General of the Registrar General's Department
 - The Register General of Companies of the Department of the Registrar of Companies
 - The Commissioner General of Motor Traffic of the Department of Motor Traffic
 - Officers of any Government Institution in charge of granting contracts for the supply of goods, works, or consulting and non-consulting services
 - Any Financial institution including banks and non-banking financial institutions regulated by the Central Bank of Sri Lanka
 - Chairman of Colombo Stock Exchange

- 04 April 2024 - A gazette notification (Extraordinary Gazette Notification No. 2378/33) was issued prescribing the manner of tax payments. Tax payments shall be made to the Commissioner General, only by the use of following methods: -
- a) By depositing cash.
 - b) By depositing pay order or bank draft.
 - c) By the use of Online Tax Payments Platform (OTPP).
- 11 December 2024 - A gazette notification (Extraordinary Gazette Notification No. 2414/14) was issued specifying the procedure of withholding the tax from any payment made to a non-resident person under the Division II of Chapter VIII of the Inland Revenue Act, No. 24 of 2017 in Schedule given in the gazette.
- Every Licensed Commercial Bank and Authorized Dealers Engaged in Outward Remittances and withholding agents who make Outward Remit shall comply with such procedure with effect from 01 January 2025.

Value Added Tax

- 20 March 2024 - VAT registration threshold was reduced to Rs. 60 mn per annum from Rs. 80 mn per annum with effect from 01 January 2024 (Value Added Tax (Amendment) Act, No. 16 of 2024).

Excise Duty

- 31 December 2023 - Excise duty on Petrol and Diesel was reduced with effect from 01 January 2024 (Extraordinary Gazette Notification No. 2364/36).

Description	Tax Prior to the Revision (Rs. Per litre)	Revised Tax (Rs. Per litre)
Petrol (92 Octane)	77.00	72.00
Petrol (95 Octane)	77.00	72.00
Other	77.00	72.00
Super Diesel that contains Sulphur not exceeding 10 mg/kg (ppm)	63.00	57.00
Other Diesel that contains Sulphur exceeding 10 mg/kg (ppm) but not exceeding 500 mg/kg (ppm)	56.00	50.00
Other	63.00	57.00

31 December 2023 - Excise duty on cigarettes was revised with effect from 01 January 2024
(Extraordinary Gazette Notification No. 2364/36).

Description (length of a cigarette)	Tax Prior to the Revision (Rs. per 1,000 cigarettes)	Revised Tax (Rs. per 1,000 cigarettes)
< 60 mm	16,030	18,270
60 mm - 67 mm	41,540	47,360
67 mm - 72 mm	59,180	67,470
72 mm - 84 mm	67,100	76,490
> 84 mm	74,590	85,030

31 December 2023 - Excise duty on liquor was revised with effect from 01 January 2024
(Extraordinary Gazette Notification No. 2364/35).

Description	Tax Prior to the Revision (Rs. Per litre of alcohol)	Revised Tax (Rs. Per litre of alcohol)
Special Arrack	6,000	6,840
Molasses, palmyrah, coconut, and processed arrack	6,420	7,320
Country made “Foreign” spirits	6,600	7,525
Malt liquor of below 5% absolute strength as indicated in the label	4,750	5,415
Malt liquor of 5% or more of absolute strength as indicated in the label	4,980	5,680
Wine	4,750	5,415
Sake	1,300	1,480
Country made milk punch manufactured	3,300	3,760
Country made cider of not more than 4% of absolute strength as indicated in the label	3,600	4,105

- 10 January 2025 - Excise duty on cigarettes was revised with effect from 11 January 2025 (Extraordinary Gazette Notification No. 2418/43).

Description (length of a cigarette)	Tax Prior to the Revision (Rs. per 1,000 cigarettes)	Revised Tax (Rs. per 1,000 cigarettes)
< 60 mm	18,270	19,350
60 mm - 67 mm	47,360	50,150
67 mm - 72 mm	67,470	71,450
72 mm - 84 mm	76,490	81,000
> 84 mm	85,030	90,050

- Excise duty for all excisable articles (except Petrol and Diesel), including motor vehicles, increased with effect from 11 January 2025 by 5.9 percent based on an annual inflation adjustment indexation (Extraordinary Gazette Notification No. 2418/43).

- 10 January 2025 - Excise duty on liquor was revised with effect from 11 January 2025 (Extraordinary Gazette Notification No. 2418/42).

Description	Tax Prior to the Revision (Rs. Per litre of alcohol)	Revised Tax (Rs. Per litre of alcohol)
Special Arrack	6,840	7,244
Molasses, palmyrah, coconut, and processed arrack	7,320	7,752
Country made “Foreign” spirits	7,525	7,969
Malt liquor of below 5% absolute strength as indicated in the label	5,415	5,735
Malt liquor of 5% or more of absolute strength as indicated in the label	5,680	6,015
Wine	5,415	5,735
Sake	1,480	1,567
Country made milk punch manufactured	3,760	3,982
Country made cider of not more than 4% of absolute strength as indicated in the label	4,105	4,347

- 31 January 2025 - Excise duty on electric vehicles increased with effect from 01 February 2025 (Extraordinary Gazette Notification No. 2421/42).

Customs Duty

- 06 January 2024 - The second instalment out of the six annual equal instalments under the Category “6” of the Tariff Liberalization Programme (TLP) of the Customs Import Duty (CID) was removed for 1,222 Tariff Lines under Sri Lanka Singapore Free Trade Agreement (SLSFTA) with effect from 06 January 2024 (Revenue Protection Order No 06/2023 /Gazette Notification No. 2365/51).
- 27 January 2025 - Removal of the item 33 of the list of exemptions (imports) in the Annex II under the Schedule “A” of the Customs Ordinance (Chapter 235) published in the Gazette Notification No. 2324/49 dated 24 March 2023 as described as “Import of vehicles, chassis fitted with engines, bodies and cut portions, as defined in Chapter 87 where Excise (Special Provisions) duty under the Excise (Special Provisions) Act, No. 13 of 1989, is applicable” (Revenue Protection Order No. 01/2025/Gazette Notification No. 2421/05).
- 31 January 2025 - A surcharge at the rate of 50% on applicable Customs Import Duty on the importation of motor vehicles, both General and Preferential basis was imposed commencing from February 01, 2025, for a period of one year (Extraordinary Gazette Notification No. 2421/43).

CESS

- 04 January 2024 - Publishing Tariff Liberalization Program (TLP) related to the CESS Levy under the SLSFTA (Extraordinary Gazette Notification No. 2365/50).
- 05 September 2024 - The applicable CESS Levy on importation of clinker, all types of Portland cement and hydraulic cement revised commencing from 06 September 2024, and imposing CESS Levy on exportation of rock boulders (Extraordinary Gazette Notification No. 2400/25).

Ports and Airports Development Levy (PAL)

- 01 January 2024 - The applicable PAL rates on essential items including petrol, diesel and fertilizers were exempted commencing from 01 January 2024 (Extraordinary Gazette Notification No. 2364/37).
- 29 March 2024 - The applicable concessionary rates of PAL on importation of specified items and applicable exemptions for the list of items were published under SLSFTA (Extraordinary Gazette Notification No. 2377/39).

Other Taxes and Levies

- 01 February 2024 - The applicable concessionary rate of USD 30 from the applicable embarkation levy of USD 60 for persons leaving Sri Lanka by Aircraft for the flights commencing operations from Colombo International Airport Ratmalana (CIAR) and Jaffna International Airport (JIA) was extended for a period of one year commencing from 1 February 2024 (Extraordinary Gazette Notification No. 2369/27).
- 07 March 2024 - The applicable concessionary rate of USD 5 for persons leaving Sri Lanka by Ferry and USD 20 for persons leaving Sri Lanka by Cruise from the applicable embarkation levy of USD 60 were granted for period of around three years till 31 December 2026 commencing from 07 March 2024 (Extraordinary Gazette Notification No. 2374/19).
- 20 March 2024 - Registration threshold applicable for Social Security Contribution Levy (SSCL) was reduced to Rs. 60 mn per annum from Rs. 120 mn per annum with effect from 01 January 2024 (Social Security Contribution Levy (Amendment) Act, No. 15 of 2024).
- 31 January 2025 - Thresholds for the luxury tax on motor vehicles were revised with effect from 01 February 2025 (Extraordinary Gazette Notification No. 2421/41).

Government Expenditure

- 10 January 2024 - A circular was issued by integrating the provisions of previous circulars issued by the General Treasury from time to time, with the objective of controlling expenditure. It provided directions to minimize expenditure and implement expenditure control measures suitable to the nature of institutions (National Budget Circular No. 01/2024).

- 19 February 2024 - Aswesuma Welfare Benefit Payment Scheme Schedules were introduced with effect from January 01, 2024 (Extraordinary Gazette Notification No. 2372/03).
- 28 February 2024 - A circular was issued to State-Owned Enterprises (SOEs) on directions to follow to maintain strict financial discipline, curtail expenditure, and ensure business sustainability, given the government's limited revenue generation avenues, increasing expenditure, and constrained fiscal space (Public Finance Circular No. 01/2024).
- 17 May 2024 - Aswesuma Welfare Benefit Payment Scheme Schedules were introduced with effect from June 15, 2024 (Extraordinary Gazette Notification No. 2384/30).
- 31 July 2024 - A circular was issued for provide an interest subsidy for pawning advances obtained by Aswesuma beneficiaries from the licensed banks with effect from 01 August 2024 (Development Finance Circular No. DFD/2024-2).
- 06 November 2024 - A circular was issued to implement the provisions on statutory funds outlined under Section 39 of Part VIII of the Public Financial Management Act No. 44 of 2024. It was emphasized that, in accordance with Article 149 of the Constitution, any funds not specifically designated by law for a particular purpose must be credited to the Consolidated Fund (Public Finance Circular No. 04/2024).
- 21 December 2024 - Aswesuma Welfare Benefit Payment Scheme Schedules were introduced with effect from the date on which the approval of Parliament of this payment scheme (Extraordinary Gazette Notification No. 2415/66).

Other

- 18 June 2024 - Public Debt Management Act No. 33 of 2024 was approved by the Parliament.
- 08 August 2024 - Public Financial Management Act No. 44 of 2024 was approved by the Parliament.
- 09 August 2024 - Economic Transformation Act No. 45 of 2024 was approved by the Parliament.