

Currency Operations

Under the provisions of Central Bank of Sri Lanka Act No. 16 of 2023 (CBA) the Central Bank is entrusted with the responsibility of issuing and managing the full lifecycle of currency notes and coins.

In fulfilling this mandate, the Central Bank oversees the entire cash cycle, ensuring the availability of clean, secure and adequate currency in circulation (CIC), thereby supporting public confidence in the Sri Lankan Rupee and the effective functioning of cash transactions across the country.

Liability for Currency and Recent Trends

The Central Bank supplies currency notes and coins to Licensed Commercial Banks (LCBs) based on their requirements and accepts surplus currency returned by them. Through this continuous process of issuance and withdrawal, Central Bank manages the level of CIC, which represents the value of notes and coins held by the public and serves as a key operational indicator of currency demand in the economy. Currency issued by Central Bank remains a liability of the Bank until it is withdrawn from circulation and extinguished.

In 2025, a significant increase in the demand for currency notes was observed with CIC growing by 15.5% to Rs. 1,568.94 Bn., compared to Rs. 1,358.72 Bn. in 2024.

Currency Management

Currency management at the Central Bank encompasses currency design, printing and minting, order placement, stock management, replacement of unfit currency, counterfeit prevention, currency processing, and public awareness.

Designs of Currency

Central Bank periodically introduces new currency designs, new series, and commemorative issues based on operational and national requirements. In August 2025, to mark the 75th Anniversary of the Central Bank, a Rs. 2000 Circulation Standard Commemorative Currency Note was issued, designed in line with the 75th Anniversary theme, "Stability for

Prosperity," reflecting the Central Bank's unwavering commitment to maintaining economic stability as the foundation for national progress. This is the fifth commemorative currency note issued by the Central Bank and was released as a limited issue of 50 million notes.

Printing and Minting

As the sole issuer of currency in Sri Lanka, Central Bank is responsible for ensuring an adequate supply of currency notes and coins through systematic planning, accurate forecasting, continuous monitoring, and timely placement of orders.

Order Placement

Annual currency orders are placed based on projected issuance requirements, replacement needs for unfit currency, contingency stock levels, and prevailing economic conditions. Based on order quantities and supplier readiness, consignments are delivered according to the agreed delivery schedule.

Stock Management

The Central Bank maintains adequate stocks of currency notes and coins to ensure a stable and uninterrupted supply, supported by systematic demand forecasting. Safe stock levels are maintained to mitigate risks arising from unforeseen events such as supply delays, natural disasters, or sudden increases in demand, particularly during festive seasons. This forms part of a broader contingency strategy to ensure the Bank's ability to meet the country's currency needs under all circumstances.

Replacement of Unfit Currency

The Central Bank ensures the quality of currency in circulation by systematically withdrawing soiled, mutilated, and otherwise unfit notes and coins and replacing them with fit currency.

Combating Counterfeit Currency

To prevent counterfeiting and maintain public confidence, Central Bank works closely with the Counterfeit Currency Bureau of the Criminal Investigation Department (CID).

Awareness

The Bank also conducts awareness programmes on the security features of genuine currency for law enforcement officers, cash handlers, students, and the general public. These programmes enhance the ability to identify genuine currency and detect counterfeits.

Currency Exchange

The Central Bank facilitates currency exchange through a dedicated public exchange counter at the Pettah branch of Bank of Ceylon (BOC) and a damaged notes exchange counter at the Central Bank Head Office.

Revamping Currency Operations (RCO)

In response to increase in CIC, the growing volume of currency operations, and the capacity constraints within existing currency processing infrastructure, Central Bank initiated a comprehensive revamp of its currency operations in December 2025.



2025 Highlights

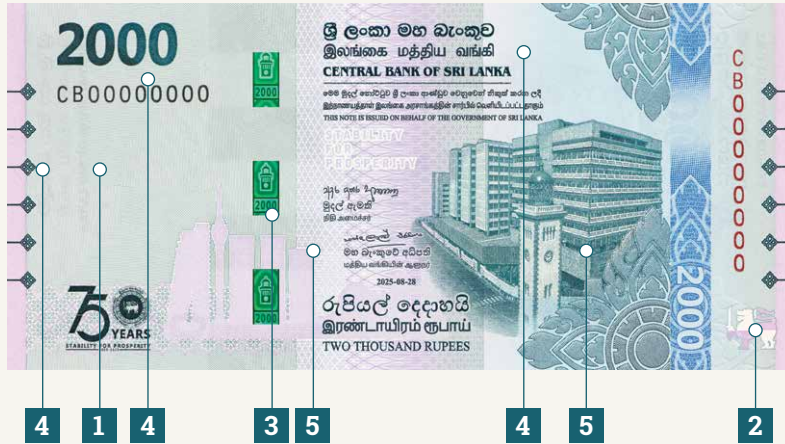
- ➔ Issued a total of Rs. 496.95 Bn. to LCBs, which Rs. 496.29 Bn. in currency notes and Rs. 0.66 Bn. in coins and total deposits acceptance from LCBs accounted to Rs. 287.08 Bn. in currency notes.
- ➔ Issued of 83 certificates for determining of counterfeit notes cases as evidence of imitating the currency notes for court proceedings and attended 13 court cases relating to counterfeited notes.
- ➔ Exchanged Rs. 1,139 Mn. in notes and Rs. 11.84 Mn. coins through the Currency Exchange Counters at the Central Bank while damaged notes exchanged stood at Rs. 196.46 Mn.
- ➔ Removed 141.55 Mn. pieces of currency notes from the circulation amounting to Rs. 91.23 Bn.

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Specimen of the 5th Commemorative Currency Note

Figure – 13

FRONT



Commemorative Currency Note Rs. 2000

The Central Bank of Sri Lanka issued this Rs. 2000 commemorative currency note on 28 August 2025 to mark its 75th anniversary.



1 LOOK

Look for the extra small text hidden in the note's design

Hold the currency note to the light to see the Lion with Sword Watermark



See the complete Lion with Sword image in the See-Through security feature when you hold the currency note to light

REVERSE



3 TILT

Tilt the note up and down to see the colour change in the security thread from blue to green and vice versa, and see the Colombo Lighthouse Clock Tower and 2000 in the security thread



4 FEEL

Feel the raised print in the 2000 denomination and the Bank's title



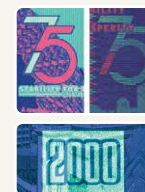
Also feel along the six bars with a diamond shape on each bar. This tactile feature helps visually impaired people identify the value of the currency note

FRONT:

The Central Bank Head Office Building and the Colombo Lighthouse Clock Tower, together with a stylised Colombo skyline showcasing recent urban developments and the 75th anniversary logo. The image is overlaid with numbered markers (1, 2, 3, 4, 5) pointing to the security features

REVERSE:

The note presents a stylised map of Sri Lanka, a water lily, and the Central Bank's vision statement, symbolising the Central Bank's commitment to economic resilience and progress. It also overlaid with numbered markers (1, 2, 5)



5 INSPECT

Inspect the currency note under ultraviolet light and see the fluorescent dual colours appear in the anniversary theme as well as the Colombo skyline on the front

The denomination also appears under ultraviolet lighting. This feature can be machine readable

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Evolution of Currency Management



Over the past 75 years, currency management in Sri Lanka has evolved significantly, in response to shifting economic conditions, technological advancements, enhanced security requirements, and increasing public expectations.

This progression reflects the Central Bank's continued commitment to maintaining confidence in the Sri Lankan currency and upholding the integrity and stability of the national cash cycle.

Origin of the Legal Framework: Governing Currency Management

The formal framework for currency management in Sri Lanka was originated with the establishment of the Currency Board System under the Paper Currency Ordinance of 1884. This framework prevailed until the enactment of the Monetary Law Act, No. 58 of 1949,

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which provided the legal foundation for the establishment of the Central Bank of Ceylon on 28 August 1950, making a pivotal milestone in the nation's monetary history. Since then, the Central Bank has assumed sole responsibility for issuing, managing, and safeguarding Sri Lanka's legal tender.

The responsibility of currency management was initially assigned to the Currency Division of the Banking and Currency Department of the Central Bank.

Establishment of Currency Department at the Central Bank

The institutional capacity related to currency management was further strengthened with the establishment of the Currency Department (CRD) in 1978, thereby significantly expanding currency operations. The CRD is entrusted with managing the entire lifecycle of currency, from design and production to circulation and final disposal. The key currency management functions of the CRD are outlined below.

- Assess currency note printing and coin minting requirement
- Design and Production (procurement)
- Supply and distribution (while ensuring quality and quantity)
- Timely withdrawal of unfit currency from circulation
- Currency authentication and counterfeit deterrence

With the enactment of the Central Bank of Sri Lanka Act No. 16 of 2023, replacing the Monetary Law Act, the legal framework for currency management was further strengthened, enhancing the Central Bank's independence, accountability and governance, while reflecting its exclusive authority over currency issuance and management.

All currency notes and coins issued by the Central Bank are legal tender, except for Rs. 50 and Rs. 100 notes bearing dates prior to 26 October 1970, which ceased to be legal tender following their demonetisation in 1970.

Evolution in Currency Denomination Structure



Central Bank issued its first series of banknotes in 1951 under the King George VI series featuring Re. 1/- and Rs. 10/- denominations. Since then, Sri Lanka's currency denomination structure has evolved steadily in response to economic growth, inflation, and advances in currency management. Early post-independence issues included smaller denominations; Re. 1/-, Rs. 2/-, Rs. 5/-, Rs. 10/-, Rs. 50/-, and Rs. 100/- reflecting the purchasing power of the era. Over the following decades, denominations were progressively increased to accommodate rising economic activity: Rs. 20/- was introduced in 1979, followed by Rs. 500/- and Rs. 1000/- in 1981, Rs. 200/- in 1998, and higher-value Rs. 2000/- and Rs. 5000/- notes in the 2000s to facilitate large-value transactions.

The latest series, the eleventh series, introduced in 2011—feature denominations from Rs. 20/- to Rs. 5000/-, supported by enhanced security features to deter counterfeiting and accommodate higher transaction needs in a growing economy. This evolving structure reflects the Central Bank's continuous adaptation of the currency management system to meet economic realities, technological change, and public usage patterns.

Similarly, coinage has evolved through changes in denominations, sizes, and metal compositions to enhance durability, ease of handling, and cost efficiency. The most recent circulation coin series, introduced in 2017, comprises four denominations, all minted in stainless steel.

Establishment of CVCS System

In response to the gradual evolution of currency operations, currency handling processes have transited from labour intensive manual methods to technology based operations aligned with international best practices. Manual counting, sorting, authentication, and destruction processes were gradually replaced by high-speed Currency Note Verification, Counting, and Sorting Systems, first introduced in 1992, followed by several upgrades to more advanced Currency Note Processing systems. These systems facilitate fitness sorting, authentication, packing, shrink-wrapping, automated accounting, and secure destruction through briquetting. The existing Currency Note Processing machines were introduced into operation in 2013.



Damaged currency notes that cannot be processed through machines are handled manually and destroyed using controlled shredding systems under strict supervisory controls. These improvements have resulted in a highly automated, efficient, and secure operational framework, strengthening internal controls, reducing operational risks, and enhancing service delivery across the currency lifecycle.

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Issuance of Commemorative Notes and Coins

The Monetary Law Act (Amendment) No. 6 of 1998 introduced Section 52A, explicitly empowered the Central Bank to issue commemorative currency notes and coins and to sell them at a price higher than their face value. The provision is deemed to have taken effect from 04 February 1998, and any commemorative currency note, or coin issued or sold before that date is legally recognised as having been lawfully issued or sold.

The first commemorative coin was issued in 1957 and so far the Central Bank has released 76 commemorative currencies, comprising 71 coins and 5 notes. While these issues retain legal tender status, they are primarily intended for numismatic, educational, and collection purposes.

Currency Museum

Public education is further supported through the Currency Museum, first established in 1982 and expanded over time. The modern Economic History Museum at the Central Point Building, opened in 2011, provides interactive displays and educational content on the evolution of currency, security features, and the Central Bank's role, serving as a key platform for public outreach and financial literacy.

Revamping Currency Operations

In response to emerging operational requirements, CRD is implementing a Revamping Currency Operations (RCO) project aimed addressing medium-term operational constraints. The project focuses on expanding processing capacity while streamlining operational workflows, minimising manual intervention, strengthening safety and security standards, and enhancing the resilience of the Central Bank's cash management operations.

Towards a Future-Ready Currency Management System

Over its 75-year journey, the Central Bank has continuously strengthened the nation's currency system to ensure resilience, reliability, and public confidence, even in times of economic and operational stress. Drawing on decades of experience, the Bank has built robust business continuity arrangements, secure storage infrastructure, and efficient cash distribution frameworks that safeguard uninterrupted public access to currency nationwide. The ongoing enhancements in contingency planning, operational flexibility, and modern infrastructure demonstrate the Central Bank's commitment to preserving the quality, integrity, and trustworthiness of the national currency under all circumstances.

As the payments landscape continues to evolve, cash remains a vital and inclusive component of the economy. Going forward, the future of currency management will be shaped by greater automation, data-driven demand forecasting, advanced security features, and sustainable practices. Building on 75 years of institutional knowledge and public service, the Central Bank remains committed to ensuring that cash continues to function as a secure, resilient, and trusted medium of exchange, supporting economic stability and prosperity for generations to come.

