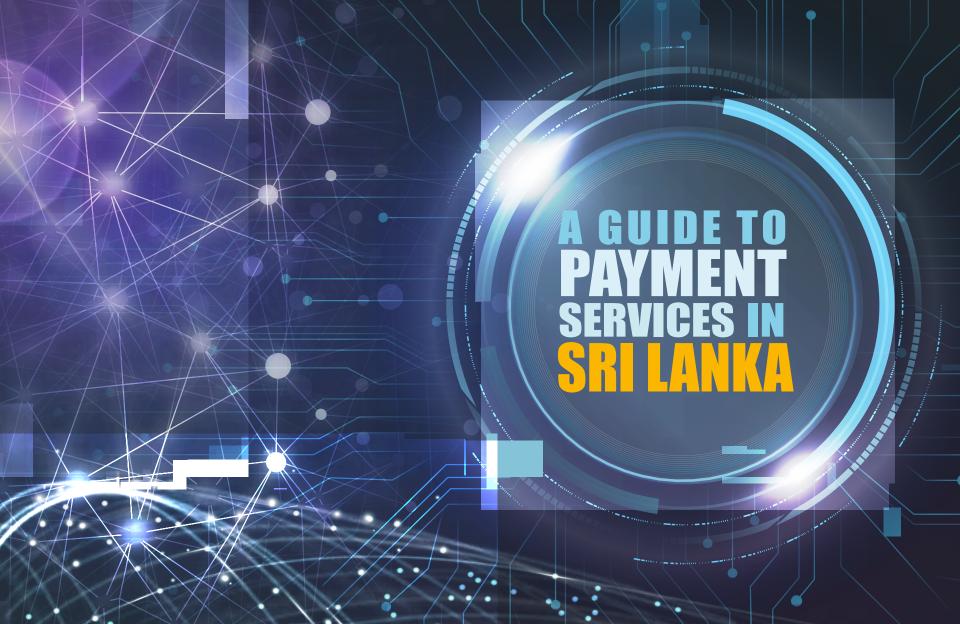


AGUIDE TO PAYMENT SERVICES IN SRILANKA



PREFACE

The rapid development of information technology has given numerous opportunities to emerging economies such as Sri Lanka to enhance digital innovation in the financial sector. With a growing number of FinTech startups in Sri Lanka, payment and settlement systems are rapidly changed with new products and services introduced with online real-time payments and complex infrastructures.

The main objective of a well-developed payment and settlement systems is to have a safe and efficient transfer of money while enhancing the user's experience. As the regulator, overseer and operator of payment and settlement systems in the country, the Central Bank of Sri Lanka has well recognized this objective and has taken several initiatives along with LankaClear (Pvt) Ltd and other stakeholders to develop and modernize these systems. Promoting Quick Response (QR) Code payments, increasing wallet limits and allowing digital onboarding of customers during the COVID-19 pandemic, lowering the cost and increasing the convenience of using digital payment platforms are a few recent initiatives.

As the name suggests, "A Guide to Payment Services in Sri Lanka" aims to provide a guide to all stakeholders in the country's payment and settlement systems. The booklet will help them to gain knowledge and select the most suitable payment method for their purpose. This booklet is written in an easy-to-read format with charts, FAQ, and graphs helping the general public to understand how financial transactions can be conducted digitally, securely with less cost and greater convenience. The booklet also provides detailed explanations on the technical terms used, so that supervisors, teachers and especially those in higher studies can benefit by enhancing their knowledge in the subject matter. Employees of banks and other financial institutions can use this booklet as a guide in their day to day work, thus helping customer queries and improving customer satisfaction. It must be reiterated that this booklet should become a useful resource for everyone as the payment system landscape in Sri Lanka is changing continuously and rapidly.

PAYMENTS AND SETTLEMENTS DEPARTMENT CENTRAL BANK OF SRI LANKA

Overview of the National Payment System in Sri Lanka 01

Large Value Payment System 02

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Retail Payment Systems and Instruments

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National Card Scheme		
Customer Account based Mobile Payments		
Mobile Phone based e-money Systems		
Internet Banking		
Mobile Payment Applications		
Quick Response (QR) Code based Payments		
Postal Instruments		

LIST OF ABBREVIATIONS

ATMs	Automated Teller Machines	LVPS	Large Value Payment System
CAS	Common ATM Switch	MICR	Magnetic Ink Character Recognition
CBSL	Central Bank of Sri Lanka	MLNS	Multilateral Net Settlement
CCAPS	Common Card and Payment Switch	NCS	National Card Scheme
CEFTS	Common Electronic Fund Transfer Switch	OTP	One Time Password
CITS	Cheque Imaging and Truncation System	POS	Point-of-Sale
CMobS	Common Mobile Switch	QR	Quick Response
CPOS	Common Point-of-Sale	RPSI	Retail Payment Systems and Instrument
CRIB	Credit Information Bureau	RTGS	Real Time Gross Settlement
CRN	Cheque Return Notification	SAS	Shared ATM Switch
FI	Financial Institution	SLACH	Sri Lanka Automated Clearing House
ILF	Intra-day Liquidity Facility	SLIPS	Sri Lanka Interbank Payment System
LCBs	Licensed Commercial Banks	SWIFT	Society for Worldwide Interbank Financial
LCPL	LankaClear (Pvt) Ltd		Telecommunication
LPOPP	LankaPay Online Payment Platform	USSD	Unstructured Supplementary Service Data
LSBs	Licensed Specialised Banks		

THE NATIONAL PAYMENT SYSTEM IN SRI LANKA

A payment is generally a transfer of value from one party to another to settle a financial obligation incurred on purchase of goods or services, using cash or non-cash payment instrument. Payment services enable making payments or transferring funds among individuals, corporates and other economic agents such as Banks, Governments, Central Banks. An efficient and stable national payment system ensures the smooth flow of funds among economic agents, which in turn benefits the economy as a whole. Non-cash payment instruments and systems are gradually gaining popularity for transferring funds and settling payment obligations, mainly owing to the efficiency of such instruments and systems.

An efficient and stable financial system is a prerequisite for economic development, as every economic activity requires the completion of fund movements on time. The efficiency and stability of a financial system are largely reliant on the soundness of the national payment system and its developments. A failure of a payment/clearing system is likely to create shocks in the financial system.

In Sri Lanka the national payment system is regulated and supervised by the Central Bank of Sri Lanka (CBSL) considering its importance in maintaining financial system stability and effective transmission of monetary policy¹. CBSL also acts as a catalyst in promoting developments in the national payment system with the objective of enhancing safety, efficiency and stability.

The national payment system of Sri Lanka continues to evolve. In the present era, with the emergence of new payment technologies, the evolution of the national payment system takes place at a rapid pace, providing low cost and convenient payment solutions for the citizens. In order to reap the maximum benefits of these payment system developments, it is vital that public awareness is enhanced to enable individuals and institutions to utilize the payment services to satisfy their payment needs effectively. This Guide is intended to improve public awareness on payment services and instruments available in Sri Lanka as at February 2022.

 Monetary policy is the macroeconomic policy implemented by a Central Bank, managing money supply and interest rate and thereby achieving objectives such as price stability and stability of the real economy.

LARGE VALUE PAYMENT SYSTEM(LVPS) &

Introduction to Real Time Gross Settlement System in Sri Lanka

The LVPS is a system which facilitates high value payments among banks, individuals, corporates etc. The Real Time Gross Settlement (RTGS) System in Sri Lanka which is owned and operated by CBSL is the sole LVPS in the country. The settlement under RTGS System takes place in "Real-Time" and on "Gross Basis²"

Facts about the RTGS System

- This is an electronic fund settlement system which processes and settles each payment instruction individually and irrevocably using funds in the Participants' settlement accounts in the RTGS System.
- The RTGS System is a component of a larger settlement system called the LankaSettle System, which facilitates

- fund transfers through RTGS System and government security transactions through the LankaSecure System.
- In RTGS System, fund transfers of any amount can be done through electronic means with high security and efficiency.
- The RTGS System became operational in September 2003 while the LankaSecure System became operational in February 2004.
- The RTGS System, which is operated by the Payments and Settlements Department of CBSL, is governed by
- Gross settlement means that each payment instruction is processed and settled individually without bundling or netting with any other transaction.
- 3. Current Participants in the RTGS System: CBSL, All Licensed Commercial Banks, National Savings Bank, All Primary Dealers, Employees' Provident Fund and The Central Depository System of the Colombo Stock Exchange.

the provisions of the Monetary Law Act, No. 58 of 1949 as amended, Payment and Settlement Systems Act, No. 28 of 2005 and a set of comprehensive System Rules for which all Participants must adhere to.

Operations of the RTGS System

- The RTGS System operates on all banking business days from 8.00 a.m. to 4.30 p.m.
- Payment instructions to the RTGS System are submitted through the "Society for Worldwide Interbank Financial Telecommunication (SWIFT)" network and the payment confirmations are sent back to the Participants through the same network.
- Any amount of money can be transferred through the RTGS System. Although there are minimum transaction value limits imposed on LVPS in some countries, the RTGS System in Sri Lanka does not have a specific minimum transaction value. However, RTGS System is usually used for large value transactions, as the small value payments can be done more easily, efficiently and at a lower cost with retail payment systems.
- Participants can submit payment instructions for future dated transactions through the RTGS System up to 10 calendar days in advance.

• In order to avoid disruptions to the settlement process due to liquidity issues that could arise by any Participant, the RTGS System provides an Intra-day Liquidity Facility⁴ (ILF) to all participants, free of charge, against unencumbered government securities⁵ in the LankaSecureSystem.Theownership of such government securities should be with the Participant accessing ILF.



- An interest free facility granted against the collateral of government securities to the Participants of the RTGS System to avoid any disruptions that could arise due to any liquidity issues of Participants.
 - Government securities that have not been pledged for debt/financial obligations.

RTGS Transaction process





Transferor will request the transferor's bank to transfer funds to the receiver having an account in another financial institution, which is connected to the RTGS System directly or indirectly.

Based on the availability of funds, the transferor's bank will accept the transferor's request and initiate the transaction.

As soon as the funds are transferred, the settlement will take place (on a one-to-one basis) and CBSL will electronically adjust the accounts by crediting the receiver's bank RTGS account and debiting transferor's bank RTGS account by the relevant amount.

Receiver's bank will credit the funds to the receiver's account.

DO WE NEED A RTGS SYSTEM?

Less Settlement Risk for Participants.

High efficiency in transferring large value payments.

Less impact for other Participants in the event of a failure of any participant during business hours.

Participants get full control of their own and their customers' payments along with better liquidity management.



FAQ ON THE RTGS SYSTEM

How can a customer use the RTGS System?

A customer can use this system to carry out high value or urgent transactions from an account at a LankaSettle participant bank to an account in another LankaSettle Participant bank. A customer can visit his/her bank branch in order to carry out the transaction, while some banks facilitate RTGS transactions via online banking.

What types of transactions are settled through the RTGS System?

- ► General credit transfers among Participants against call market⁶ transactions and securities transactions etc.
- Transactions with the Central Bank which involves open market operations, cash deposits and withdrawals by banks, the rupee leg of forex transactions⁷ and government securities transactions.
- Multilateral net settlement⁸ balances sent by LankaClear (Pvt) Ltd⁹ (LCPL) in respect of interbank cheque clearing, Sri Lanka Interbank Payment System (SLIPS), Common ATM Switch (CAS), Common Electronic Fund Transfer Switch (CEFTS), Common Point-of-Sales (CPOS) Switch for final settlement.
- 6. The inter-bank call money market is an overnight market that mainly assists LCBs in meeting their immediate liquidity requirements by facilitating lending and borrowing among banks
- 7. These are part of money market and foreign exchange transactions entered into between participants, e.g., Foreign Currency Swap
- 8. Multilateral netting is a payment arrangement among multiple parties where transactions are summed, rather than being settled individually.
- LCPL is fully owned by CBSL and all LCBs, and the principal activities of LCPL are to operate the cheque clearing system and the retail payment system in Sri Lanka.

- Any other high value and time critical payments presented by the Participants on behalf of their customers.
- How much does a customer need to pay to effect a RTGS transaction?
 - Please refer Page 80 for transaction limits, fees & charges.
- Is there any transaction value limit for RTGS transactions?

No. There is no maximum or minimum value limit imposed on RTGS transactions.

 What are the banks that facilitate customer fund transfers in the RTGS System?

All LCBs and the National Savings Bank are participants of the RTGS System.

- What are the RTGS cut-off times given to banks to perform different types of transactions?
 - Account to account customer transactions till
 3.00 p.m. on all banking business days.
 - Interbank transactions till 4.30 p.m. on all working days.

PAYMENT SYSTEMS AND INSTRUMENTS (RPSI)

RPSI cater for the low-value retail payments needs of individuals and institutions. Most commonly used RPSI include Cheques, SLIPS, Payment Cards, Internet Banking and Mobile Payment Applications. Further, Sri Lanka still uses postal instruments such as money orders using post offices around the country to transfer funds and make payments.

Cheques

 Cheque is the most extensively used non-cash retail payment instrument (paper-based) in the country and cheques are widely accepted by the business entities and individuals around the country.

- A Cheque is an unconditional order given in writing which is signed by the drawer him/herself or any other person authorized to do so on his/her behalf to the banker for payment of a specific sum of money to his order or bearer.
- Cheques can only be drawn by current account holders of LCBs.
- Current account holders are given a cheque book consisting of a standard number of cheque leaves in a standard format to draw cheques against the balances/approved limits in their current accounts maintained in the bank.

CHEQUE Imaging and Truncation System (CITS)

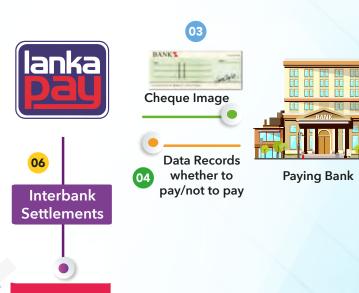
- At present, all Sri Lankan Rupee cheques and
 drafts are cleared by LCPL through CITS.
- CITS is an image-based cheque clearing system which commenced operations in May 2006 under the provisions of the Payment and Settlement Systems Act, No. 28 of 2005.
- This process eliminated the physical movement of cheques for clearing and reduced the delays associated with the movement of cheques.
- CITS is designed to accept images and Magnetic Ink Character Recognition (MICR)¹⁰ data of physical cheques submitted by direct electronic transfer.

- As such, the physical movement of cheques is truncated at the point of image capture and hence, the Paying Bank does not receive a physical cheque during the entire clearing process.
- Under this system, where a cheque presented for payment is dishonored by non-payment, Presenting Bank will issue an image return document i.e., a Cheque Return Notification (CRN) to the customer.

10. MICR is a technology in which the cheque serial number, bank code and branch code, customer's account number, transaction code, amount of cheque is encoded at the bottom of the cheque.

01 BANK Payee 02 Cheque BANK Receipt Cheque Image OR CRN of **Payment** 07 **Data Records** Presenting 05 **Bank**

CHEQUE Processing method



RTGS

WHAT happens after a cheque is deposited with a bank?

Step 01

A cheque is deposited by a customer at his own bank (presenting bank).

Step 02

The presenting bank will transmit the image of the cheque online to LCPL for clearing.

Step 03

Paying bank will then receive the cheque image from LCPL which will be perused for accuracy and the availability of funds in the payer's current account to decide on accepting or rejecting the payment.

Step 04

Paying bank will send a message (data record) to LCPL on payment or non-payment of the cheque.

Step 05

If the paying bank rejects the payment for a cheque, LCPL will inform the presenting bank the reason and the relevant cheque return code informed by the paying bank.

Step 06 For cheques that are accepted for payments, the net clearing balances, calculated on a multilateral basis among CITS participants by LCPL, are settled in the RTGS System each business day.

Step 07 If the paying bank accepts the payment, then the receipt of payment credited to depositor's account or if the paying bank rejects the payment, the CRN will be forwarded to the depositor.

FAQ ON Cheques

How to obtain the cheque payment facility?

When a customer opens a current account in a LCB, the respective bank will then issue a cheque book in order to be able to draw cheques against such an account. Once a current account has been opened, the cheque leaves can be written on and used as a mode of payment while the counterfoils are used to keep records of the payment amounts and beneficiary information.

• For cheques drawn on other banks, how quickly will I get my money?

If the beneficiary deposits the cheque at least by 3.00 p.m (which is the island-wide minimum cut-off time for accepting cheques for T+1 clearing, where T is the day on which LCPL receives the cheque for clearing and 1 indicates one business day from T, i.e., the following

business day), then the proceeds of cleared cheques need to be credited to the respective customer's accounts by 2.30 p.m. on the following business day.

What are the charges involved in using cheques as a mode of payment?

There are no charges applicable to a customer when drawing a cheque. However, banks may charge for the issuing of new cheque books.

 Is there a maximum value limit when making payments using cheques?

Cheques having a value of less than Rs. 100 million are accepted for clearing through CITS. This limit will not apply for cheques drawn on the same bank. Further, payments received and made by government departments are exempted from this maximum value limit.

 What are the banks that offer current account/ cheque drawing facilities to customers?

All LCBs are eligible to offer this service.

• Is it possible to write a cheque in native language of the account holder?

In Sri Lanka, cheques written in Sinhala, Tamil and English languages are considered valid.

What can I do if I misplace a cheque/representable CRN?

If you are the drawer of the cheque, contact your bank and instruct them to stop payment. If you are the drawee or the holder of the cheque, inform the drawer immediately.

How can I get a certified image of a cheque?

Contact your bank and request for a certified image from LCPL.

 Is a certified image of a cheque accepted in a Court of Law?

Yes.

- Can I present a CRN for payment?
 Yes.
- Can I present a torn or damaged CRN for payment?

No. You should ask the drawer for a new cheque.

• If a CRN that is presented and returned, be used for payment again?

A new CRN will be issued for each return of the same cheque or CRN. Hence, if a CRN is presented and subsequently returned, new CRN will be generated stating new reason for return.

WHAT ARE THE DO'S AND DON'TS OF DRAWING A CHEQUE?

Do's

- Always make sure you have enough money in your account to cover all cheques you write.
- Always fill in the counterfoil of the cheque to keep a record of cheques you have written.
- Get to know the rules of issuing/writing a cheque from your bank.
- Always use permanent ink pens such as a ball pen in blue or black color.
- Sign clearly to ensure the cheque is not dishonored due to mismatch in the signature.
- Undertake regular review of the stock of your unused cheques and conduct regular reconciliation with your bank statement.
- If your records and the bank statement does not match, immediately inform the bank.
- If you do any change in a written cheque, make sure that you authorize the amendment by signing near the alteration/amendment you made. If there are several amendments, you are required to sign and authorize each amendment separately.

Don'ts

- ▶ Do not fold, crumple or mutilate cheques.
- Do not leave gaps between words and figures use all the space and add 'only' to the amount to be paid, e.g., 'Ten thousand rupees only'.
- Do not use a pencil to write a cheque as it can be easily erased and altered.
- Do not sign a cheque before you use it for payment.
- Do not leave the cheque book where it can be easily found by others.
- Do not write below the MICR field of the cheque.
- Do not use the cheque book to issue foreign currency denominated cheques.



SRI LANKA Interbank Payment System (SLIPS)

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SLIPS Secondary Participants are the other financial institutions who have been approved by CBSL and LCPL and has made arrangements with a Primary Member to settle net balances through the RTGS account of such Primary Member.

SLIPS is an electronic fund transfer facility operated by LCPL. SLIPS was introduced as an offline payment system in 1993 by the Sri Lanka Automated Clearing House (SLACH) which operated under CBSL. In the year 2002, the operations of SLIPS were delegated to LCPL after divesting the operations of SLACH to LCPL.

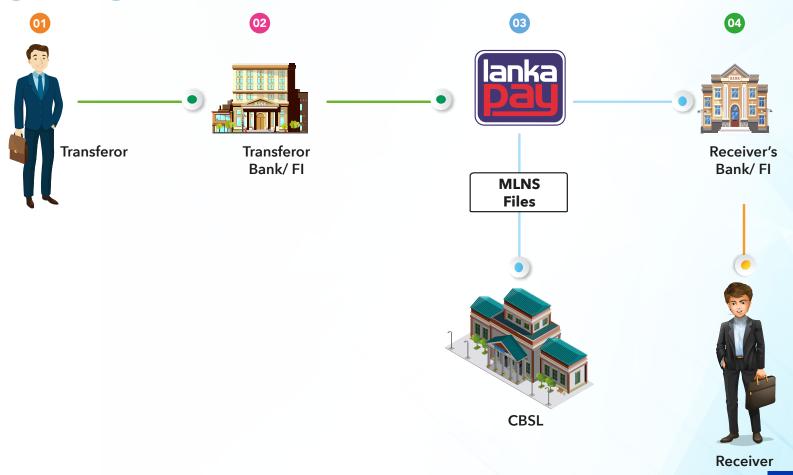
SLIPS transactions carried out before the cut-off time will be settled on the same day (T+0 basis) and transactions carried out after the cut-off time will be settled on the following day (T+1).

SLIPS Primary Participants are the LCBs participating in the RTGS System where the multilateral • net clearing balances of SLIPS are settled on each business day.

SLIPS is mainly used for periodic or bulk payments such as salary, utility bill and pension payments.

SLIPS can also accept the payment instructions to carry out future dated transactions up to 14 business days.

SLIPS Transaction Process



Transferor may visit the Financial Institution or log into digital media provided by the financial institution to effect the SLIPS transaction.

Financial Institution receives information provided by the transferor such as Step account name and the account number of the beneficiary, transaction value date, transaction type, reference number etc. Transferor's bank will send this information to LCPL.

Step

LCPL will process the information and will forward the information to the receivers bank. Further, LCPL will submit the MLNS File to CBSL for settlement. RTGS System in CBSL will settle the funds among the Financial Institutions in three clearing cycles per day.

Receiver's amount is credited on the value date by the Receiver's Financial Institution.

HOW CAN A customer use SLIPS?

Customers may submit their payment instructions to any financial institution that is a SLIPS participant.

LCPL operates several clearing cycles¹¹ for SLIPS daily (currently three), on all business days. If a payment reaches LCPL before 1.30 pm, the transfer will reach the recipients account on the same day (T+0).

Customer may use one of the payment channels (such as over-the-counter, Internet banking, mobile banking) through which such institution accepts interbank fund transfer instructions to be effected through SLIPS.

11. In a clearing cycle, trading parties will update the accounts and arrange for the transfer of money and securities.

FAQ ON SLIPS

What are the bank cut-off times?

The cut-off times for customers to submit payment instructions to their respective financial institution may differ from institution to institution.

 How much do customers need to pay for a SLIPS transaction?

CBSL will decide the maximum fee limit for SLIP transactions. Please refer page 80 for transaction limits, fees & charges.

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• Is there a value limit for SLIPS transactions?

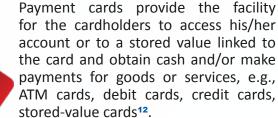
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CBSL will decide the maximum value limit for SLIPS transactions. Please refer page 80 for transaction limits, fees & charges.

• Can I make debit transfer via SLIPS?

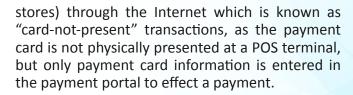
Yes. By providing consent through a direct debit authorization form, you can allow the fund recipient to deduct up to a predefined amount from your account on a specific day of the month via SLIPS.

PAYMENT CARDS

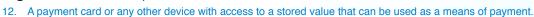


These payment cards can be used for payments at Point-Of-Sale (POS) terminals (an electronic device used to process card payments at retail locations), merchant stores and cash withdrawals at ATMs at any time on any day.

 Payment cards can be used to purchase goods or services (at online merchant



- In Sri Lanka, payment card issuers issue payment cards under international card schemes such as Visa, MasterCard, Amex, UnionPay while Sri Lanka launched its National Card Scheme (NCS), in partnership with JCB International under the brand name of LankaPay/JCB in 2019.
- Payment cards issued can be used 'internationally' to make payments for goods or services at POS terminals and to withdraw cash at ATMs.



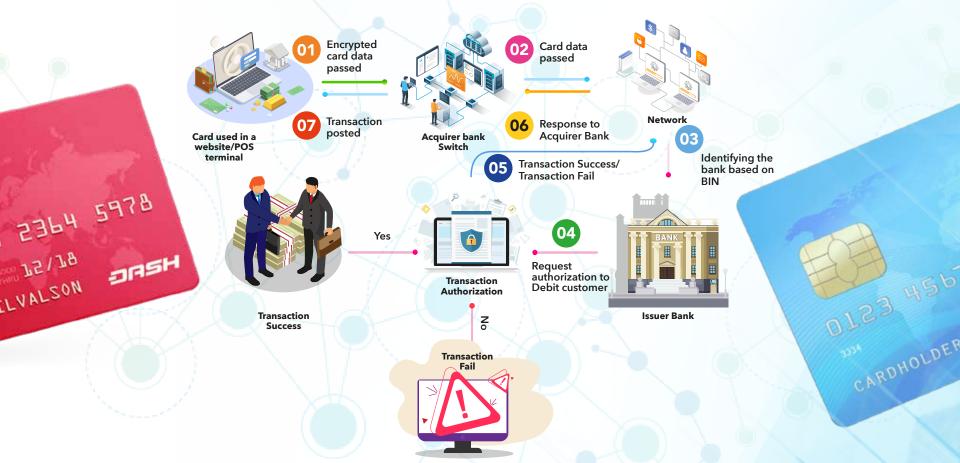


- Most card issuers require cardholders to inform the card issuer of foreign travel and use of card overseas in advance.
- All card transactions effected overseas will be debited after converting the value into local currency mostly using the exchange rates adopted by the respective card scheme.



- In Sri Lanka, credit cards, debit cards, charge cards and stored-value cards can only be issued by institutions licensed by CBSL under the Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013.
- Following institutions are eligible to issue payment cards in terms of the Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013;
 - A licensed commercial bank,
 - A licensed specialised bank,
 - A finance company,
 - An operator who provides cellular mobile telephone services under the authority of a license issued in terms of the Sri Lanka Telecommunications Act, No. 25 of 1991 as amended, and
 - A company registered under the Companies Act, No. 7 of 2007 having an unimpaired capital of at least Rs. 150 mn or such other amount determined by the Central Bank, other than a company limited by guarantee, an offshore company or an overseas company within the meaning of the Companies Act, No. 7 of 2007.

HOW A CARD Scheme works



CREDIT CARDS

A credit card is a payment card which involves a line of credit granted by the issuer to the cardholder where the credit utilized can be settled in full or in part on or before a specified date. The card issuer may charge interest or other charges on any amount not settled on the specified date.

Credit card payments at merchant outlets can be made through POS terminals and online payments can be made through the Internet.

Credit cardholders can use the credit card to make payments to merchants for goods or services purchased and to obtain cash advances. The utilized credit amount for purchases and cash advances can be settled in full or in part, on or before the due date.

FAQ ON Credit Cards

How can a person obtain a credit card?

Any person who wishes to obtain a credit card may apply for a credit card from a licensed credit card issuer. Upon receiving the application, the card issuer assesses the creditworthiness of the applicant and decides whether to issue a credit card or not.

After issuing the credit card, the credit card issuer needs to notify the credit card terms and conditions, fees, interest rates and other charges to the cardholder in writing.

• What is meant by the credit card limit?

A credit card is assigned with a credit limit up to which the cardholder can utilize. The credit limit is decided by the card issuer considering the creditworthiness of the customer which includes several factors such as the applicant's income, credit repayment history, limits of other credit cards of the applicant.

• What is the minimum payment amount?

There is a minimum amount that a credit cardholder needs to pay on or before the due date in order to avoid late payment charges. The minimum payment amount is determined by the card issuer and stated in the customer's credit card statement.

What are the main fees and charges involved in using a credit card?

Credit card issuers generally charge a joining fee and an annual fee from credit cardholders. Credit cardholders are given an interest free payment period to settle the credit card bill. The credit card issuer may charge interest or any other charge on the amount remaining unsettled on due date. Credit card issuers

charge cash advance fees for the cash advances obtained by the cardholder.

What are the consequences of defaulting credit card bill?

It is mandatory for credit card issuers to report defaulted credit cards (i.e., credit cards of which payments are in arrears for 90 days or more) to the Credit Information Bureau of Sri Lanka (CRIB). Defaulting credit card bills will adversely affect the creditworthiness record of the credit cardholder maintained at the CRIB, which will make it difficult for such cardholders to obtain further financial facilities from any financial institutions.

What are the factors to be considered before obtaining a credit card?

- Make sure that the card issuing institution is an authorized institution with a licence issued by CBSL.
- Carefully read and understand the terms and conditions.
- Do not accept any verbal terms and conditions or any benefits/offers without explicit confirmation.

What are some good practices when using credit cards?

- Collect receipts issued by merchants/ retain SMS notifications/alerts to be used for reconciliation with monthly statements.
- Keep track of the monthly statements and immediately inquire from the card issuer if the statement is not received on time.
- During the reconciliation of the statement, if any charge for a purchase not made or for an additional facility not opted for is noticed, immediately contact the card issuer and notify the concerns.
- Always attempt to pay the full amount due within the interest free period, to avoid interest or any other charges. If funds are not available to settle the full amount, at least, pay the minimum payable indicated in the statement on or before



the due date to prevent incurring late payment charges. Even if the minimum payable amount is paid before the due date, the cardholder will have to bear interest charges for the full period up to the next billing date.

Discontinue the credit card, if the card will not be used, in order to avoid paying annual fees.

- ► Get the credit card limit reduced, if you are not likely to spend as much as you expected.
- Avoid using cash obtained from one card to pay another card.
- ► Use the credit card cautiously in order to avoid impulsive buying.



DEBIT CARDS



A debit card is a payment card which provides the cardholder access to his/her current or savings account maintained in a financial institution to withdraw cash and/or execute payments for purchases of goods and services, by directly debiting from the credit balance in the cardholder's account.

Debit card payments at merchant outlets can be made through POS terminals while some card issuers allow debit cardholders to use their debit cards for effecting online payments through Internet.

FAQ ON Debit Cards

• How can a person obtain a debit card?

A current or savings account holder can make a request from the financial institution in which he/she maintains the account to issue him/her a debit card.

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 Are there any limits for debit card transactions?

Card issuers set limits for cash withdrawals and merchant payments as a risk mitigation measure.

 What are the charges involved in using a debit card?

Card issuers charge a fee when issuing debit cards. Some debit card issuers charge an annual fee from debit cardholders. Debit cardholders will also be charged for ATM cash withdrawals.

STORED VALUE CARDS

A stored value card means a payment card with an access to a stored value that can be used as a means of payment. Transport cards are a typical example for stored value cards, where the cardholders load the money to the cards to be used for making payments for transport.

Stored value cardholders can reload the card using alternative reloading methods such as over the counter, internet banking made available by the card issuer and increase the amount of value stored in the card.

When the cardholder uses the card for making a payment, the value stored in the card is directly debited.

Stored value cards can be categorized as single purpose stored value cards or multi-purpose stored value cards based on the payments that can be effected using the stored value card.

Card issuers allow cash withdrawals for some stored value cards while the other stored value cards will only be limited for making payments.

A person can obtain a stored value card according to his/her requirement (travel, online purchase etc.) that needs to be fulfilled by submitting an application to the issuer of that particular stored value card.

Card issuers decide on the limits and fees applicable to the stored value cards.

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FAQ ON Stored Value Cards

How can an individual obtain a stored value card?

By submitting an application to the card issuer who is offering the stored value card products. Applications could be obtained from any branch or can be downloaded from the website of the card issuer.

• What are the services that can be obtained by stored value cards?

Financial institutions issue stored value cards for overseas travel, online purchases, withdrawal of funds from ATMs etc.

Are stored value cards safe to use?

One of the main purposes of stored value cards is to reduce the risk of fraud when conducting online purchases using credit or debit cards. An individual can top up the stored value card for the amount he intends to use and conduct transactions thus minimizing the risk of losing all his/her funds due to a fraud.

How a stored value card differs from a debit card?

A debit card is linked to your savings/current account thus providing access to the funds in the savings/current account. However, a stored value card can be used only up to the top up amount.

- How can a customer top up the stored value card?
 - ▶ By cash customer can visit the branch
 - Making fund transfers customer can use his/her internet banking, mobile payment applications

CHARGE Cards

- Charge cards involve a line of credit granted by the charge card issuer to the card holder where the total amount of credit utilized by the cardholder needs to be settled on or before the due date specified by the card issuer.
- Charge cards can also be used for effecting payments for purchases of goods and services and obtain cash withdrawals.
- As at end 2020, no institution has obtained a licence from the CBSL to function as an issuer of charge cards.

FAQ on Charge Cards

What is the difference between a charge card and a credit card?



Charge cardholders are required to **settle the credit amount utilized in full** on or before the due date at the end of each billing cycle while credit cardholders can pay the minimum payment amount to avoid late payment charges.

SAFETY MEASURES TO be taken when using Payment Cards

 Keep the payment card in a safe place. Do not keep the PIN number in close proximity to the card and in a place accessible to third parties.

Report any loss of card immediately to the card issuer.

 Make sure that the card payment is performed in your presence. Do not allow the card to be swiped in any device other than a POS terminal not in your vicinity.

 Do not send card information through email, text messages or any other form of communication to anyone. Use the card for payments only in websites which provide secure encryption of the card number and other personal information while performing an online transaction. Look for the padlock icon, or "https" in the address bar, both of which demonstrate that the site is secure. Keep the card numbers and emergency contact details, customer service/hotline number given in the back of the card to be used in the event of a loss of the card.

> Do not use the card if the merchant appears to be acting in a suspicious manner.

 Inform the card issuer when travelling abroad, if the card will be used overseas for payments or to obtain cash advances.

 Enable SMS alerts for card transactions with your bank. If you receive a notification on a transaction that you have not done, inform the card issuer immediately.

NATIONAL CARD Scheme (NCS)



- Sri Lanka launched its National Card Scheme (NCS), operated by LCPL in partnership with JCB International of Japan (JCB Co., Ltd, formerly Japan Credit Bureau is a credit card company based in Tokyo, Japan), which is an international payment card operator.
- Under NCS, payment cards will be issued to facilitate cash withdrawals and purchase transactions. Payment cards under NCS will be accepted by ATMs and POS terminals that are connected to LankaPay.
- All local currency transactions of LankaPay/JCB Cards shall be routed locally via LankaPay National Payment Switch operated by LCPL.
- This aims to bring in greater autonomy to the country's payment infrastructure and reduce the current outflow of foreign exchange as service fees when making local currency payments compared with the foreign exchange paid to International Payment Card schemes.
- Cross border transactions shall be routed via the JCB International Network. Therefore, any overseas traveler using an international JCB card is able to use the card via the JCB International Network.
- Under NCS, financial institutions will be able to offer card based payment solutions to their customers at a lower cost as the fees and charges are decided by CBSL.

INTRODUCTION TO



Mobile Payments

- Mobile payments can be described as payments effected using mobile phones, where the payment instructions are communicated through channels such as Unstructured Supplementary Service Data (USSD)¹³, Short-Message-Services (SMS) via the use of mobile communication lines.
- In Sri Lanka, mobile payment systems can operate by institutions licensed by CBSL under the Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013.
- Mobile payment systems can be classified into two categories; namely, customer account based mobile payment systems and mobile phone based e-money systems.
- 13. These are "quick codes" or "feature codes", used by GSM cellular telephones to communicate with the mobile network operator's computers.

CUSTOMER Account based Mobile Payments

- Financial institutions maintaining customer accounts may operate "customer account based mobile payment systems" to enable their account holders to provide payment instructions to the financial institutions via the customer accounts maintained by those institutions based on the mobile payment system.
- Financial institutions operating customer account based mobile payment systems facilitate account holders to execute payments such as fund transfers, utility bill payments, credit card bill payments and merchant payments.
- Mobile payments can be effected from anywhere, at any time, offering convenience to the customers.



FAQ ON CUSTOMER ACCOUNT based Mobile Payments

• How can an account holder obtain the services provided by customer account based mobile payment systems?

An account holder needs to submit an application to the financial institution in which he/she maintains the account to obtain mobile payment services offered by the financial institution.

• What are the transactions that can be performed through customer account based mobile payment systems?

Operators of customer account based mobile payment systems generally enable account holders to perform fund transfers to accounts of the same institution, fund transfers to accounts maintained in other institution, utility bill payments such as electricity, water, etc., payment of credit card bills and payments to merchants among others.

• If a fund transfer instruction is given through a customer account based mobile payment system, how long will it take for the beneficiary to receive funds?

If the beneficiary's account is in the same financial institution, the beneficiary will receive funds on real time basis. If the beneficiary's account is maintained in another institution, and the operator of the customer account based mobile payment system may provide the transferor the facility to make a real-time fund transfer. However, sender has the option of providing instructions of effecting fund transfers in a future date.

• Are there any limits for customer account based mobile payments?

Financial institutions which offer customer account based mobile payment services set limits for transactions as a risk mitigation measure.

MOBILE PHONE based e-money systems

Mobile phone based e-money System means, a mobile payment system through which monetary value is issued upon receipt of funds and stored electronically for the purpose of using as a means of payment or to settle financial obligations.

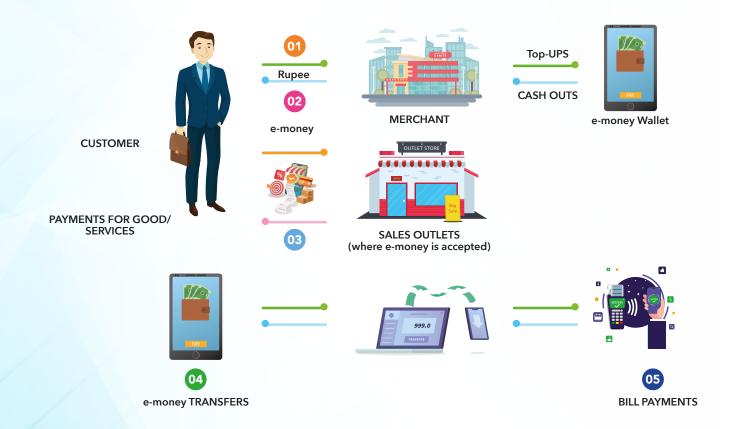
Any institution which intends to operate a mobile phone based e-money system is required to obtain a licence from CBSL.

Any person who has been registered as a customer of a mobile phone based e-money system will need to purchase e-money (top-up the e-money account) by paying an equivalent amount of physical cash to the operator of the mobile phone based e-money system or its merchants.

The purchased e-money will be stored in a virtual e-money account and such e-money can be used for making payments and transfers to settle monetary obligations, where e-money is accepted as a payment mode. e-money holders can also redeem e-money stored in the virtual account if required and obtain physical money, which is known as cash-outs.



MOBILE PHONE based e-money Systems





An e-money wallet holder can provide cash/rupees to a merchant and obtain e-money

e-money wallet holder can withdraw e-money in the form of cash through an e-money merchant and obtain rupees

The wallet holder can pay to sales outlet where e-money is accepted and obtain goods and services

The wallet holder can transfer e-money to other e-money wallets within the respective mobile money networks

The wallet holder can pay bills using the e-money wallet

FAQ ON MOBILE Phone based e-money Systems

01

How can a person get registered as a customer of a mobile phone based e-money system?

A person may need to make a request to the mobile phone based e-money system operator and agree to the terms and conditions of the mobile phone based e-money system, in order to get registered as a customer.

02

Are there any limits for mobile phone based e-money systems?

CBSL will set wallet limits, transaction limits, merchant limits and day limits of the mobile phone based e-money system. Please refer Page 80 for limits of the mobile phone based e-money system.

03

What are the measures taken to safeguard customer funds in the mobile phone based e-money systems?

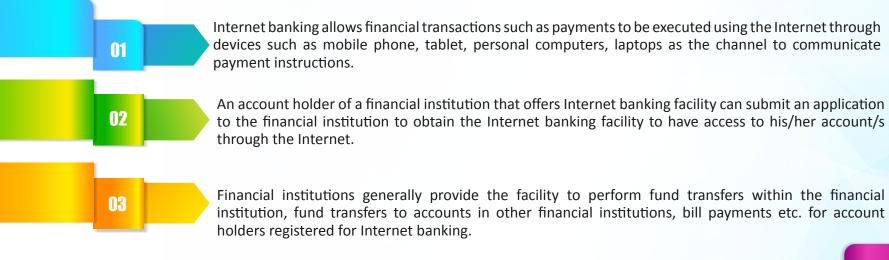
Operators of mobile phone based e-money systems are required to open and maintain a custodian account in a LCB and ensure that the balance lying in the custodian account is at all times equivalent to the aggregate amount of e-money balances in the e-money accounts. This regulatory requirement is imposed as a customer protection measure.

04

Who are the mobile operators of mobile phone based e-money systems in Sri Lanka?

Dialog Axiata PLC - eZ Cash Mobitel (Pvt) Ltd - mCash

INTERNET BANKING



When a customer gives fund transfer instructions to his/her financial institution through Internet banking, and if the transferee's account is maintained in another financial institution, the financial institution holding the transferor's account may provide the transferor the facility to make a fund transfer through SLIPS, CEFTS, and/or RTGS System.

Financial institutions which offer Internet banking facilities to the account holders may set limits for transactions as a risk mitigation measure.

04

FAQ ON Internet banking

How can a person get registered for Internet banking?

Account holder may need to visit his/her bank branch or the bank website to get registered for Internet banking.

Are there any transaction limits for Internet banking?

Financial institutions may set transaction limits subject to any transaction limits set by the CBSL, e.g., an individual may transfer funds from his bank account to any other bank account up to Rs. 5 mn per transaction through CEFTS or SLIPS.

Are there any fees for obtaining services under Internet banking? Yes.

What are the services I can get from using Internet banking?

- Utility bill payments
- Open savings accounts and term deposits Obtaining loans
- Credit card bill payments

- Fund transfers
- Submit specific instructions to the bank, e.g., obtain a bank statement
- What are the safety mesures to be taken when using Internet banking?

Never share your username, password or One Time Passwords (OTPs) with anyone.

MOBILE

Payment Applications (Mobile Payment Apps)

A mobile payment app is a computer program or a software application designed to run on a mobile device such as a smartphone, Tab, that is capable of communicating payment instructions.

A mobile payment app will enable making payments for utility bills, goods and services, and transferring funds.

Customers may download mobile payment apps from either "Google Play Store", "App Gallery" or "App Store" as sensitive financial/personal information can be accessed fraudulently by apps downloaded from untrusted sources.

In a mobile payment app, payment is carried out by linking the credit/debit card, savings/current account or mobile wallet of the customer.



FAQ ON Mobile Payment Apps



Yes. Some mobile payment apps will allow linking your credit/ debit cards and savings/current accounts maintained at banks that facilitate payments through the particular mobile payment app.

Are there any fees?

Financial institutions may charge fees for fund transfers to other financial institutions, credit card bill payments, utility bill payments etc. Customer shall inquire the fees charged from the financial institution or visit the respective website of the financial institution for more information.

- Any other services I can obtain from using Mobile Payment Apps?
 - QR code-based payments (LankaQR)
 - Open savings accounts and term deposits

QUICK RESPONSE (QR) Code based Payments

A QR code based payment can be described as a payment method initiated by scanning a QR code using the mobile payment application downloaded to the mobile device by the customer.

A QR code is a type of a barcode which contains a matrix of dots. When used for payments, this code can be scanned using a mobile device (using the built-in camera of the phone) with an appropriate mobile payment application to make payments to merchants and transfer money between individuals.

There are two types of QR code based payments.

- Static QR code based payments
- Dynamic QR code based payments



Static QR code based payments

In a Static QR code, the information encoded is fixed, hence cannot be changed. These are typically printed in front of the merchant outlets. Therefore, a customer has to scan the printed version of the merchant QR code, input the transaction amount and conduct the transaction.



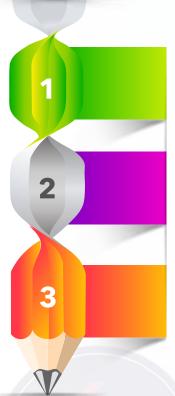


Dynamic QR code based payments

In a Dynamic QR code, the information encoded is allowed to be changed any time and as often as you want. In this instance, merchant may generate the QR code for the exact amount the customer should pay to the merchant. When the customer scans the QR code generated by the merchant, the exact amount gets debited from the customer's account/wallet and credited to the merchant's account.

LANKAQR code based payments



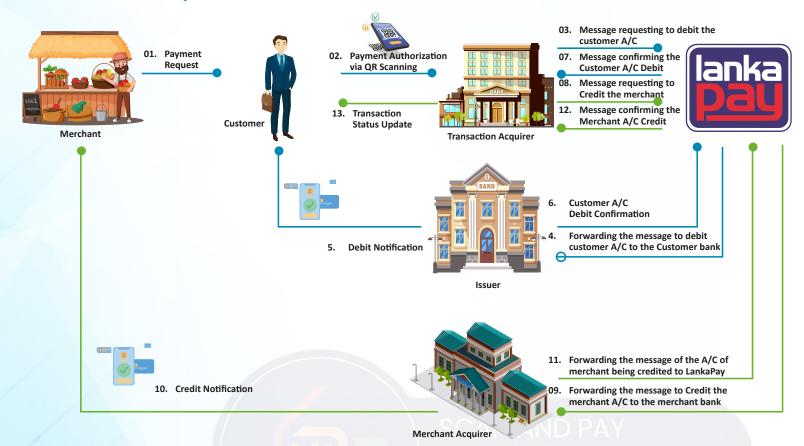


- LANKAQR is the national standard for local payments. It is based on EMV¹⁴ QR Code Specification for Payment Systems.
- By downloading any LANKAQR certified mobile payment application, any person can make a payment to a merchant who has displayed a LANKAQR code by linking any current account/savings account of the individual of any bank.
- By adopting LANKAQR code to initiate payments, financial institutions will be able to provide access to low-cost and secure digital payments to a wide range of customers and merchants.



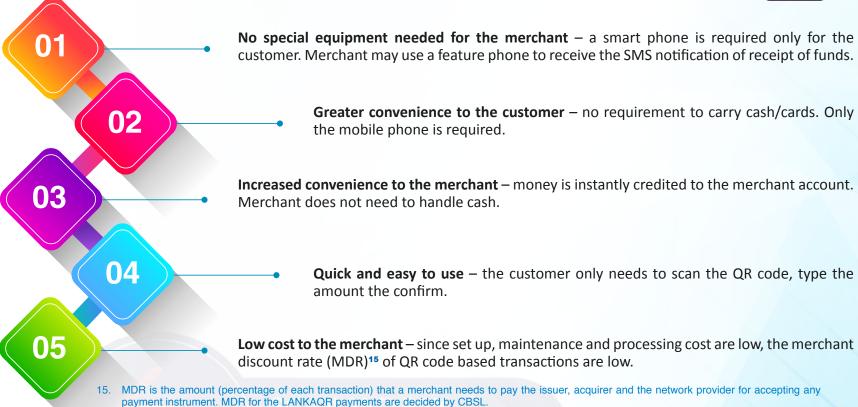
14. EMV® stands for Europay, MasterCard, Visa. It is the global standard for chip-based Debit and Credit Card transactions to ensure security and global acceptance so that MasterCard and Visa Cards can continue to be used everywhere.

LANKAQR transaction



Benefits to users conducting LANKAQR code-based payments



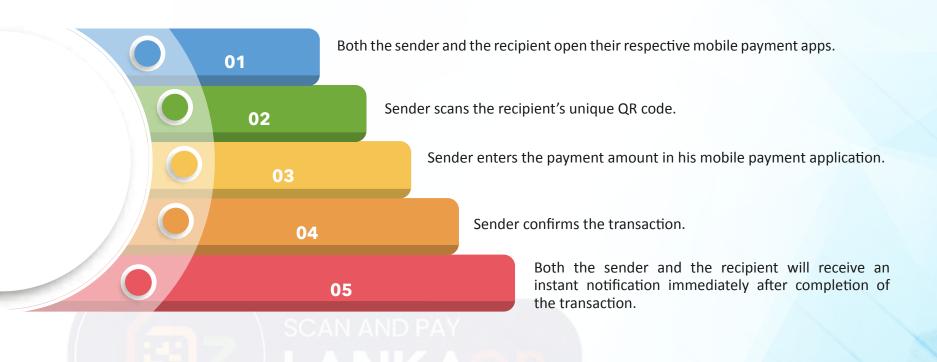


FAQ ON LANKAQR code based payments How are LANKAQR codes used to make payments?

- Customer opens the LANKAQR certified mobile payment application in his mobile device and select the QR code payment option.
- Customer scans the displayed LANKAQR code of the merchant using the customer's mobile payment application.
- Customer enters the payable amount and chooses his/her preferred payment mode, which could be a savings account, current account, credit/debit card, bank/mobile wallet which is linked to his mobile payment application.
- Customer confirms the payment.
- Customer and the merchant will receive an instant notification to their respective mobile phones immediately after completion of the payment.

How are QR codes used to make fund transfers?





Where can I use LANKAQR?

LANKAQR can be used at any merchant displaying a LANKAQR code and available businesses may vary from shopping, dining, hotel stays, e-commerce to small retail shops.

Can I use LANKAQR for my business?

Banks and financial institutions that provide LANKAQR acquiring services to merchants will simply register the merchant and provide a static LANKAQR code to enable the merchant to accept LANKAQR payments.

They may also provide separate software and mobile applications for merchants wanting to accept LANKAQR payments.

How do I get a LANKAQR code for my business?

There are many banks and financial institutions who are certified by LCPL to provide LANKAQR codes to merchants to be used in LANKAQR payments.

Do I have to have a bank/FI account to use LANKAQR?

- Customers can register their current or savings accounts on a LANKAQR certified mobile application and use it to make payments. Customers can also utilize their mobile money accounts to make LANKAQR payments.
- Merchants will need either a current or savings account into which they can receive funds.

What are the charges associated with a LANKAQR payment?

▶ General LANKAQR payments

Customer: No charge

Merchant: MDR will be charged from

the merchant as decided

by CBSL

▶ Payments to government entities

Since government entities shall decide whether to pay MDR as per the laws and regulations applicable to the perticuler government entity.

Customer: A convenience fee may •

be levied on the customer

Payments for fuel purchases

Customer: A surcharge may

levied to the customer

Merchant: MDR is not charged

from the merchant

Donations made to religious

establishments

Customer: No charge

Merchant: MDR is not charged

from the merchant

(Please refer Page 80 for more details

of the above transaction charges)

Are there transaction value limits for LANKAQR payments?

Please refer page 80 for transaction

limits, fees & charges.







A GUIDE TO PAYMENT SERVICES IN SRI LANKA

Postal Instruments

Post offices, which are scattered islandwide, issue money orders and postal orders mainly to facilitate person-to-person fund transfers.

Money and postal orders have been mainly used to make small value payments to individuals and institutions and to pay pension and social security payments by the government.

The usage of postal instruments has shown a declining trend during the last few decade.

The Department of Posts has introduced electronic money orders with a view to make the fund transfers faster. Electronic money orders are subject to the rules of ordinary money orders.

Post

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02

03

FAQ ON Postal Instruments What is a money order?

A money order is an order granted by a post office for the payment of a sum of money from any post office.

How can fund transfers be made using money orders?

The payer should submit the duly filled application form together with the amount of the money order to the post office during the prescribed hours.

The payee needs to present the money order to the post office to receive the remitted funds and if required, the payee will be requested to produce evidence that he/she is the payee of such money order.

The post office will issue a money order to the payer. Upon receipt of the money order, the payer needs to check the accuracy of the information included in the money order.

The payer needs to forward the money order to the payee and inform the names of the payer and payee as entered in the application form.

Is there a transaction value limit for money orders?

Please refer Page 80 for transaction limits, fees & charges.

RETAIL PAYMENT Infrastructure

About LankaClear (Pvt) Ltd (LCPL)



01

LCPL, under the supervision and guidance of CBSL, is the operator of the LankaPay National Payment Network which provides the infrastructure for the retail payment systems to function in Sri Lanka.

Q2 LCPL currently provides several products and services under its clearing and settlement systems such as CITS, SLIPS, CCAPS, LPOPP, Direct Debit, JustPay, NCS.

03 LCPL is owned by CBSL and several other LCBs in Sri Lanka.

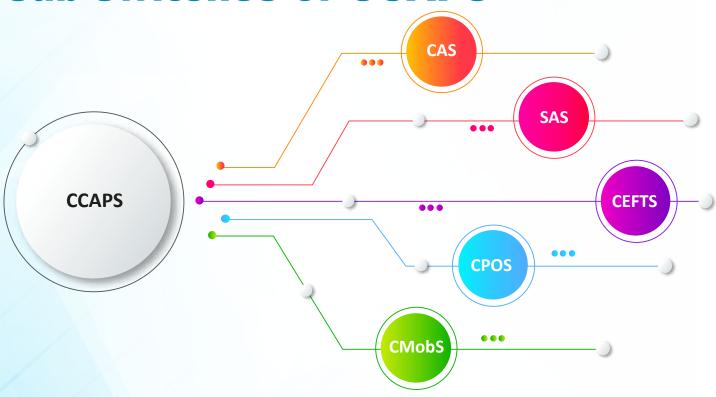
COMMON CARD and Payment Switch (CCAPS)

- CCAPS has been designated as the national payment switch of Sri Lanka.
- CCAPS was established with the objective of creating a single platform for electronic retail payments in the country and thereby achieve cost efficiency and customer convenience with respect to retail payment mechanisms.
- The operations of CCAPS commenced under the brand name 'LankaPay' with the launch of the first sub-switch of CCAPS.
- CCAPS will enhance retail electronic payments in Sri Lanka through seamless connectivity, customer convenience and cost efficiency. Creating synergies of an integrated electronic payment system, it will bring in the benefits of:
 - Facilitating Secure Real-Time Payments
 - Unified System Rules and Procedures
 - Standardized Security
 - Greater Efficiency in Payment Scheme Integration



- Ubiquity
- Lower Transaction Costs
- CCAPS consists of five sub-switches, Common ATM Switch (CAS), Shared ATM Switch (SAS), Common Electronic Fund Transfer Switch (CEFTS), Common Point-of-Sale (CPOS) Switch and the Common Mobile Switch (CMobS).

FIVE sub-switches of CCAPS



COMMON ATM Switch (CAS)

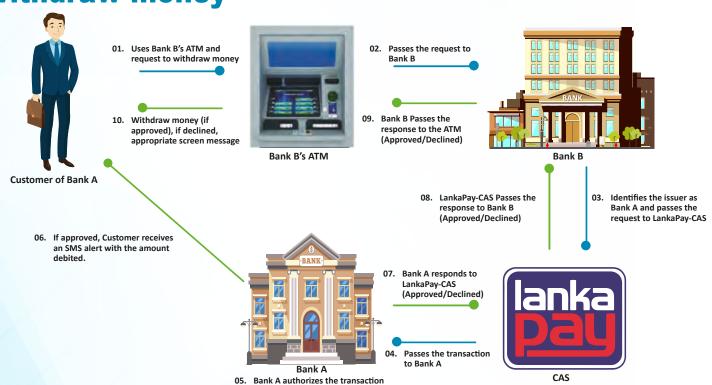
- CAS was established in 2013 as the first phase of CCAPS, with a view to improve interconnectivity among domestic ATM networks of financial institutions in order to enable secure ATM access for cardholders at ATMs of other financial institutions at the most affordable rates.
- CAS connects ATM networks of participant financial institutions to route domestic Not-on-Us¹⁶ ATM cash withdrawal transactions and balance inquiries to obtain authorization for such transactions.
- CAS promotes sharing of ATM infrastructure among financial institutions minimizing the duplication of costs related to ATM installation and maintenance.
- A customer of a financial institution connected to CAS who has been issued with a payment card

can inquire his/her account balance and/or make cash withdrawals at any ATM connected to the CAS network.

- CAS is operated by LCPL on a 24x7 basis.
- The final settlement of CAS transactions is effected in the RTGS System.

16. The customer or cardholder and the acquiring machine such as an ATM or POS are not of the same bank.

CAS Transaction Flow Customer of Bank A Uses an ATM of Bank B to withdraw money



COMMON ELECTRONIC Fund Transfer Switch (CEFTS)

 CEFTS was launched in 2015 as the second phase of CCAPS.

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 CEFTS also facilitates a nickname based realtime person-to-person or peer-to-peer¹⁷ (P2P) payment system called Payment Exchange Name (PEN).

 CEFTS has provided the base infrastructure for many innovative payment products that have increased the efficiency and convenience of making retail value payments in Sri Lanka. Some of the main products are LankaPay Online Payment Platform (LPOP), JustPay and Direct Debit.



 CEFTS facilitates fund transfers in the nature of both credit transactions and debit transactions between accounts maintained in CEFTS member institutions.

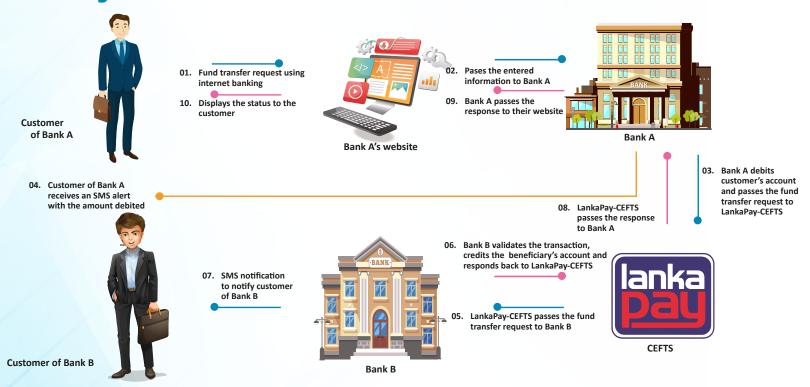
 The final settlement of CEFTS transactions is effected in the RTGS System.

CEFTS is operated on a 24x7 basis by LCPL.

^{17.} Transfer of funds between two parties using their individual banking accounts through an online or mobile app

CEFTS Transaction Flow

Customer of Bank A Uses Internet Banking to transfer money to Bank B's Customer account



FAQ ON CEFTS How can a customer use CEFTS?

Customers may submit their fund transfer instructions to the CEFTS member financial institution where he/she maintains an account, using a payment channel through which such institution accepts CEFTS fund transfer instructions.

How much do customers need to pay for a CEFTS transaction?

Please refer Page 80 for transaction limits, fees & charges.

• Is there a transaction value limit for CEFTS transactions?

Please refer Page 80 for transaction limits, fees & charges.

 When a CEFTS fund transfer instruction is given, how long will it take for the transferee to receive funds?

Transferee will receive funds on real-time basis.

LANKAPAY ONLINE Payment Platform (LPOPP)

LPOPP was introduced in 2017 to enable customers of LCBs to make online payments to government and private organizations.

LPOPP allows customers to make online real-time payments with validations to government and private institutions using CEFTS by transferring money directly from their current or savings account conveniently and securely.

LPOPP was introduced to streamline government revenue collection and Sri Lanka Customs was the first institution to utilise LPOPP for payments.

03

Board of Investment of Sri Lanka, Sri Lanka Ports Authority, Inland Revenue Department, Employees' Provident Fund, Import and Export Control department and Sri Lanka Standards Institution have joined LPOPP as at February 2022.

LPOPP Transaction Flow

Customer uses LPOPP to make a payment to an institution through Internet Banking



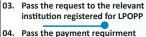
- 01. Log into his/her online banking and request for payment details
- Receive the payment details in the banking portal



CUSTOMER'S BANK

- 02. Request payment details
- 05. Pass the payment details









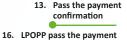
CUSTOMER

- 07. Confirm the payment (send payment confirmation to customer's bank)
- 08. Debit customer's account and send the SMS to customer

17. Update the internet banking portal with the payment status and the

receipt number

LankaPay CEFT



- status and the receipt number 09. Pass the payment details to
- 12. Pass the payment confirmation



CFFTS

15. Pass the payment status and the receipt number

LPOPP



BANK OF THE RELEVANT INSTITUTION REGISTERED FOR LPOPP

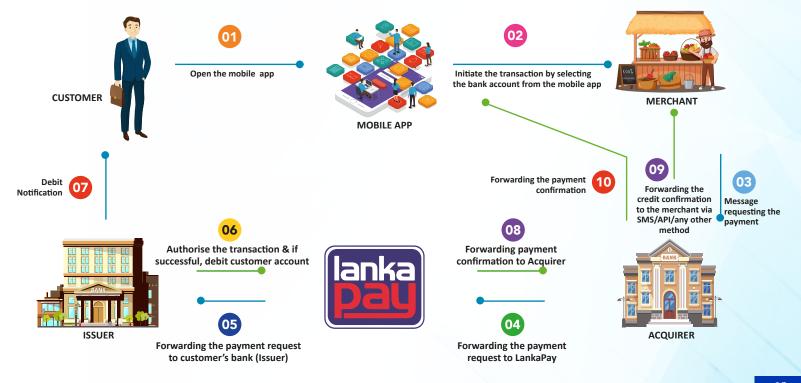
- 10. Request to credit the relevant institution's account
- 11. Credit the institution's account and pass the payment confirmation to LankaPay-CEFT

JUST Paul

- JustPay was launched in 2018 and runs on the CEFTS infrastructure.
- It is primarily to facilitate secure real-time low value retail payments for customers to make everyday payments by using their savings or current account through mobile apps.
- JustPay is a highly secured payment mechanism and requires two-factor authentication¹⁸ and end-to-end encryption¹⁹.
- 18. This is an extra layer of security used to make sure that people trying to gain access to an online account/making an online transaction are the rightful owners of the said online account. For example, a user will enter their username and a password, then, instead of immediately gaining access, they will be required to provide another piece of information, say an SMS/email sent to the owners registered mobile phone/email in order to gain access to an online account/making an online transaction.
- 19. End-to-end encryption protects the data in transit between the sender's device and the receiver's device/servers.

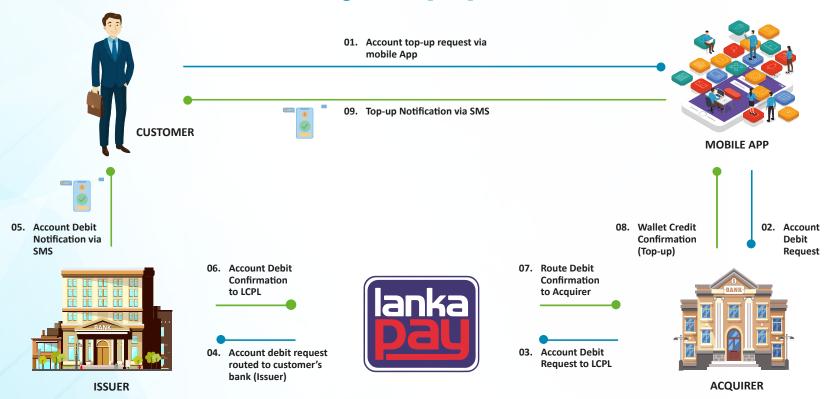
MERCHANT

Payment Scenario – JustPay Transaction



TOP-UP SCENARIO JustPay Transaction

Customer uses JustPay to top-up his/her wallet



PAYMENT Exchange Name (PEN)

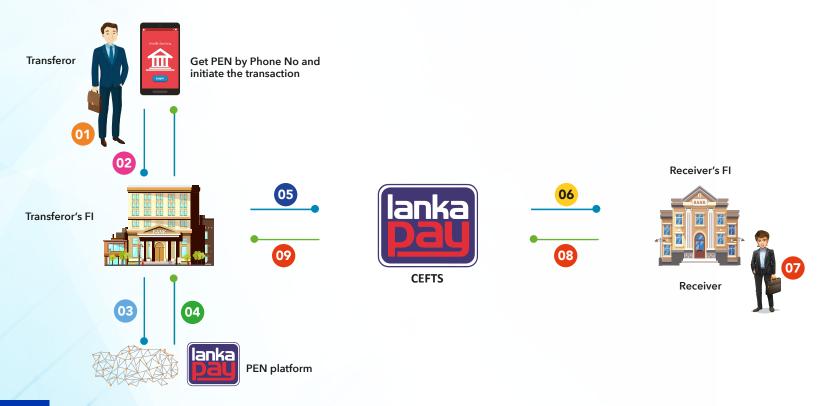
PEN enables customers to make inter-bank fund payments more easily and securely.

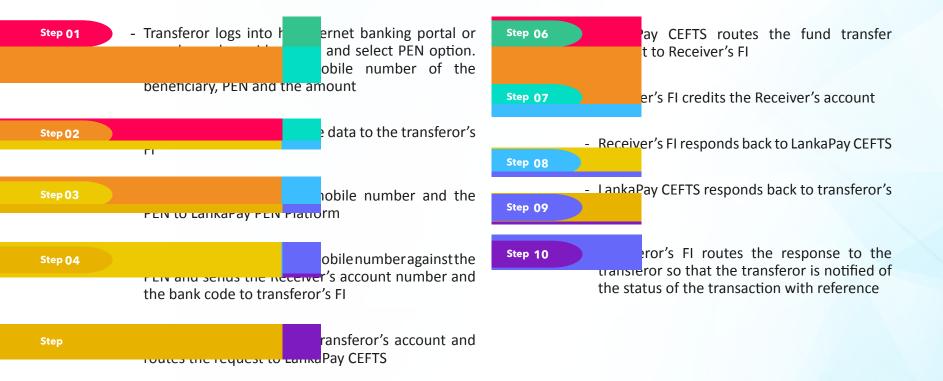
- When using PEN, customers do not need to provide details such as bank name, branch, account number and other details when requesting for a fund transfer. This would minimize the mistakes made by customers when making an electronic fund transfer.
- PEN is expected to attract more customers to adopt electronic payment modes, which is key to making financial inclusivity a reality.
 - Upon joining the PEN network, PEN member banks would assign a nickname for each account held by the customer. These nicknames would be associated with the mobile phone number registered by the customer with the respective financial institution.
 - Once this process is completed, customers can make fund transfers amongst customers of PEN member banks with the ease of simply selecting the mobile number and the respective PEN, ensuring the accuracy and the security of the fund transfer.
 - A lower customer fee when use for fun transfers.

05

06

PENTransaction Process





DIRECT Debit

Customers can provide instructions to their Direct Debit will allow a bank/financial institution financial institutions authorizing a certain of a third party to pull a certain amount of funds amount of funds that can be requested from from the customer's bank account another financial institution account on a given date, without the customer having to initiate 01 the payment at his end. 02 Customer shall give Direct Debit 05 Authorization instructions to his/her bank directly or via the acquiring bank. Insurance companies, leasing companies and 03 utility companies are benefited by Direct Debit facility since these organizations can collect their dues on time as well as make payment reconciliation more efficient. These recurrent payments could range from bill payments such as electricity bills, water bills to insurance premium payments

to telecom bill payments etc.

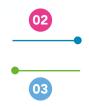
DIRECT DEBIT

Transaction Process







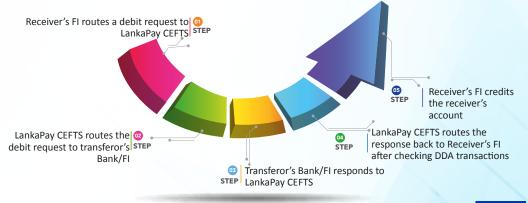




Receiver's Bank/FI

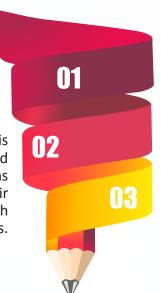


Since customers have already authorised a certain amount of funds that can be requested from another financial institution account on a given date,



SHARED ATM Switch (SAS)

The main objective of establishing SAS is to provide a hosted ATM Switch and card management system for financial institutions which do not have the capacity to operate their own card management system and ATM switch for routing ATM transactions.



SAS was implemented by LCPL in 2015 as a sub-switch of CCAPS.

This will be achieved by these financial institutions by connecting to the CAS through SAS.

COMMONPoint-of-Sale (CPOS) Switch



CPOS Switch will provide routing and clearing facilities for POS transactions between members of CPOS Switch.

If any financial institution wants to issue payment cards under the NCS, that financial institution needs to join the CPOS Switch.



CPOS Transaction Flow Switch



- 01. Provide LankaPay Payment card for a transaction
- 09. Receive the payment receipt

CUSTOMER with LankaPay CARD

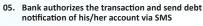


- MERCHANT
- 02. Pass card details to acquirer bank and request to authorize the transaction
- 08. Pass the authorization response (Accept/decline the transaction)



ACQUIRER

- 07. Pass the authorization response (Accept/decline the transaction)
- 03. Pass the transaction authorization request





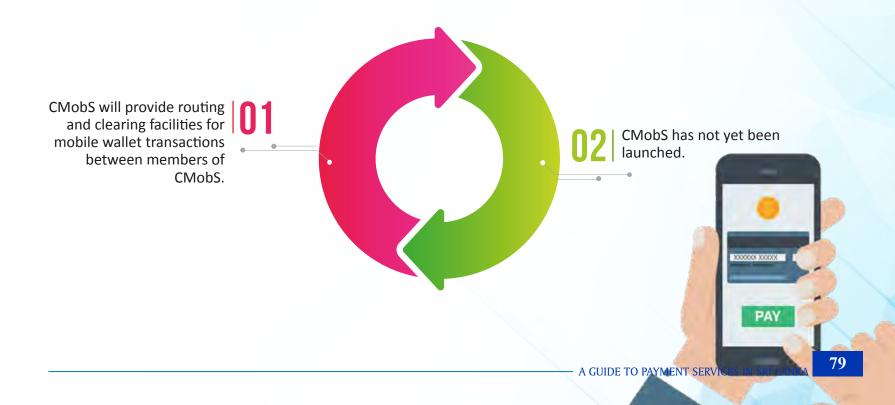
ISSUER

- Pass the authorization response (Accept/decline the transaction)
- 04. Pass the transaction authorization request



CPOS SWITCH

COMMONMobile Switch (CMobS)



Transaction Limits, Fees & Charges as at 28.02.2022

TRANSACTION TYPE	LIMIT/FEES & CHARGES
Maximum fee that can be charged by a bank from a customer for RTGS transaction	Rs. 400
Transaction limit for RTGS	Not Specified
Maximum fee for SLIPS transaction	Rs. 50
Maximum limit for SLIPS transactions	Rs. 5,000,000
Mobile e-money system maximum transaction & wallet Limit	Rs. 50,000
LANKAQR transaction - Minimum Limit	Rs. 10
Maximum Limit	Rs. 200,000
General LANKAQR Payments - Customer	No transaction fee
Merchant	
LANKAQR Payments to government entities - Customer	Rs. 10
Merchant	No MDR
LANKAQR Payments for fuel purchases - Customer	MDR of 0.5%
Merchant	No MDR
LANKAQR Donations made to religious establishments – Customer & Merchant	No charge
JustPay transaction Limit	Rs. 50,000
Transaction limit for money orders	Rs. 50,000
CAS - Cash withdrawal fee for international cards	
CAS - Cash withdrawal for NCS cards	Rs. 15
CAS - Maximum fee that can be charged for a balance inquiry	Rs. 7.50
CEFT Transaction Fees - Internet banking, mobile banking and ATMs	Rs. 30
CEFT Transaction Fees - over-the-counter (OTC) transtraction effect through ATMS of other member of CEFTS	Rs. 100
CEFT Transaction Fees - transaction effected through LPOPP via internet banking	Rs. 50
CEFT Transaction Fees - transaction effected through LPOPP via OTC payment	Rs. 100
Maximum transaction limit for CEFTS enabled services for customers	Rs. 5,000,000
Maximum transaction limit via LPOPP for Sri Lanka Customs	Rs. 20 bn
Maximum transaction limit via LPOPP for Department of Inland Revenue	Rs. 10 bn
Maximum transaction limit via LPOPP for other government institutions	Rs. 250 mn









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