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Financial Consumer Protection: A Global Priority with Local Relevance

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Protecting financial consumers has become a pressing issue in the financial industry as financial markets are becoming increasingly complex world wide. From the aftermath of the 2008 financial crisis to the latest innovations in offering credit products using artificial intelligence (AI), regulators have been grappling with mechanisms to safeguard individuals and small business owners from unfair practices and to help prevent imprudent financial decisions. Sri Lanka has also intensified its efforts to align with international standards and strengthen financial consumer protection.

Global Lessons on Banking Ethics

Internationally, banking culture has come under scrutiny, especially after the subprime mortgage crisis in the United States of America (USA). Since 2008, banks in the USA have paid over $243 billion in fines, with *Bank of America* alone accounting for $76.1 billion. While not all cases involved proven violations, the reputational damage has been significant. It is widely argued that ethical behavior cannot be legislated alone; organizational culture plays a decisive role in shaping practices. A few unethical practices can tarnish the reputation of an entire financial industry, creating what economists refer to as “negative reputational externalities”.

This lesson resonates globally. Regulators now recognize that financial institutions must not only comply with the letter of the law but also embrace the spirit of regulation. Ethical lapses, even when technically legal, can erode public trust and destabilize institutions, potentially leading to systemic risk.

Consumers Under Pressure

Consumers often face insecurity, such as job losses, asset repossessions, and rising healthcare costs, while navigating complex financial products. Even knowledgeable individuals can fall prey to biases, scams, and framing effects. Sellers exploit these vulnerabilities by mis-selling products such as adjustable-rate mortgages that later become unaffordable. Regulators in the USA have introduced “customer confusion audits” to assess whether consumers truly understand the costs and risks of products they purchase.

Behavioral economists note that consumers' limited cognitive-willpower bandwidth make them particularly vulnerable to marketing tactics (Baumeister et al., 2008). Cognitive willpower bandwidth refers to the mental resources required for processing information, making decisions,

and handling various tasks throughout the day. Framing effects (or context effects) occur when people's decisions are influenced by seemingly irrelevant aspects of how a problem is presented. If willpower depletion leads to stronger framing effects, it may have immediate implications for behavior in markets.

Framing effects can be (and have been) used by sellers to influence consumers, for example, through anchoring effects that increase consumers' willingness to pay for a product or by encouraging them to purchase more expensive products through strategically changing consumers' choice (de Haan & van Veldhuizen, 2013). When willpower is depleted, individuals are more likely to succumb to temptations or framing effects, such as being nudged toward more expensive products. This dynamic highlights the importance of regulation that takes human behavior into account, not just market theory.

To generate this change in firm behavior, firms are required to periodically demonstrate, through third-party testing of random samples of customers (customer confusion audits), that a substantial proportion of their customers understand, at the time of onboarding, the key pertinent costs, benefits, and risks of the financial products they have been sold. Customer confusion audits are also used in the USA by regulators to support deception claims, and by competitors to substantiate false advertising claims, although such testing is currently ex post and conducted on ad hoc basis.

Education as a Shield

Financial literacy is increasingly seen as a cornerstone of financial consumer protection. Effective education campaigns empower individuals to make informed choices, reduce susceptibility to scams, and indirectly monitor market practices. The Organization for Economic Co-operation and Development (OECD) has developed Good Practices on Financial Education and Awareness, particularly in the credit sector, to balance regulation with consumer empowerment. It is widely believed that better-informed citizens can act as "informal regulators" by making smarter choices that push financial markets toward greater efficiency.

Recent analysis shows that education has been a powerful driver of inclusive growth over the past four decades, doubling global income per capita between 1980 and 2019 which would otherwise have been only half as large without advances in educational attainment (Gethin, 2025).

Sri Lanka's Response

The Central Bank of Sri Lanka (CBSL) introduced **Financial Consumer Protection Regulations, No. 01 of 2023**, under the Monetary Law Act, read together with Section 133 of the [Central Bank of Sri Lanka Act, No. 16 of 2023.] The above-mentioned regulations apply to all Financial Service Providers (FSPs) regulated by CBSL, including banks, finance companies, leasing establishments, primary dealers, money brokers, and payment system participants. They aim to strengthen consumer protection frameworks and establish a foundation for market conduct supervision. These regulations establish a comprehensive framework to protect financial consumers and ensure responsible conduct by FSPs.

Governor of the CBSL Dr. Nandalal Weerasinghe, at the Central Bank's Policy Agenda for 2026 emphasized, "Our goal is to ensure that consumers are treated fairly and transparently. The Central Bank will further enhance its supervisory processes to enable the early identification of emerging consumer-related risks, address unfair market practices, and reinforce disclosure and transparency requirements so that every citizen can make informed decisions."

Consumer advocacy groups have welcomed these recent initiatives by CBSL. The Financial Consumer Relations Department (FCRD) of CBSL has introduced new regulations as a "timely measure" to address rising concerns, inter alia mis-selling, unfair lending and recovery practices and abusive recovery methods, particularly in leasing products that disproportionately affect rural households and individuals. Many rural borrowers and semi-urban borrowers have struggled with debt traps linked to predatory lending, underscoring the critical importance of robust financial consumer protection policies.

Sidebar: Key Features of Sri Lanka's 2023 Regulations

- **Mandatory Disclosure:** FSPs must provide clear, accurate and accessible information in all three national languages.
- **Complaint Mechanisms:** Financial consumers can lodge complaints directly with CBSL if FSPs fail to resolve disputes, including payment-related issues. (Refer: https://www.cbsl.gov.lk/consumer-complaints)
- **Fair Treatment:** FSPs are required to act in the best interests of customers, and are prohibited from engaging in mis-selling or deceptive practices.
- **Debt Recovery Standards:** FSPs must not engage in intimidation, harassment, humiliation, or any kind of threat when conducting recovery activities.
- **Market Conduct Supervision:** CBSL will monitor compliance through regular supervision and audits of FSPs.
- **Penalties:** FSPs that violate regulations are subject to fines and reputational consequences.

Impact in Sri Lanka

For many Sri Lankans, financial consumer protection is not an abstract policy but a matter of survival. The impact of financial consumer protection measures extends beyond strengthening consumer confidence and to supporting the growth of digital financial services, encouraging investment inflows through renewed confidence and holistic supervision approach. The outcome of such impact will enhance consumer confidence, financial inclusion, market stability, and the adoption of fair consumer-oriented trade competitive practices.

The level of disclosures made by FSPs have improved significantly. For example, the introduction of the Key Facts Document (KFD) is a new initiative adopted under the new regulations. KFD is a standardized, plain-language disclosure that every FSP must provide, in both print and electronic formats, to help consumers clearly understand the essential features, costs, risks, and procedures related to financial products. It must be made available in all three national languages and published on the FSP's official corporate website. There for KFD serves as a consumer-first summary that enhances transparency and enables customers to compare products easily, understand their obligations, and make informed decisions.

These policies have supported the transformation of stagnant elements of the economy into more resilient economic activities, particularly by promoting productive utilization of resources. However, the success of implementation depends on consumer education and effective enforcement mechanisms, which will significantly strengthen the resilience and competitiveness of the financial industry.

International Cooperation

Globally, the G20 and OECD have led efforts to establish high-level principles on financial consumer protection. These principles,

covering areas such as transparency, fairness, empowerment, and innovation, are now guiding regulators worldwide. Sri Lanka's adoption of new regulations reflects its commitment to these international standards, ensuring that local consumers benefit from global best practices. In 2015, at the United Nations General Assembly, a resolution was passed to the effect that a robust legal and regulatory framework for consumer protection serves an important public interest, contributes to economic dynamism, and consumer welfare. Regulators in countries such as the USA, Singapore, Ireland, and Hong Kong are actively contributing to the development of financial consumer protection frameworks reflecting a growing recognition that consumer protection is a shared global responsibility. In many cases, these special emphasis on digital products, fintech, and AI ethics.

Emerging Challenges

New credit products, such as flexible interest rate loan schemes, digital lending platforms, etc., are gaining popularity but may lack adequate regulatory oversight. Misselling remains a concern, with banks offering products unsuitable for customers' financial circumstances. These practices highlight existing gaps in consumer protection which must be addressed through a combination of robust regulatory frameworks and sustainable consumer awareness and finance education initiatives.

Sri Lanka's financial sector, particularly finance leasing establishments, has faced criticism for aggressive debt collection practices. Regulators anticipate that the new framework will curb such abuses and restore public trust in the financial services. However, experts caution that enforcement canot be decisive, without strong monitoring, meaningful penalties, and consistent implementation the regulatory framework risks remaining symbolic rather than delivering substantive change.

The Road Ahead

Many experts stress that financial education and financial consumer protection must go hand in hand. Better informed citizens can implicitly contribute in monitoring markets through their own decisions. As households increasingly bear financial risks, Sri Lanka's new regulatory framework represents a significant step forward. The challenge now lies in ensuring that both FSPs and financial consumers embrace these protections to build a fairer and more resilient financial system.

As Sri Lanka integrates global principles with local realities, the message is clear: financial consumer protection is not merely about regulation, but about empowering citizens to make informed financial choices in an ever-evolving financial landscape. The effectiveness of these initiatives will depend on close collaboration among regulators, FSPs, and financial consumers thereby, strengthening the resilience of the financial sector in Sri Lanka. [Financial consumer protection is therefore an ongoing process that demands sustained commitment from all stakeholders to address emerging risks and evolving challenges, ensuring a sound, fair and resilient financial system.]

("The views expressed in this article are those of the author and do not necessarily represent the views of the Central Bank of Sri Lanka, its Management, or Governing Board.

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Protecting Financial Consumers from Financial Frauds and Scams: A Strategic National Priority

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Financial frauds and scams are no longer isolated challenges; they are a systemic threat to public trust on financial system, economic resilience and national development.

A Silent Economic Enemy

Financial frauds and scams have intensified sharply in recent years, exacerbated by the rapid expansion of digital banking and the increasing reliance of financial consumers on online financial services. While technological innovation has made transactions faster, cheaper and more accessible, it has simultaneously created new avenues of exploitation for sophisticated fraudsters. Today, financial consumers are exposed to a growing array of threats: phishing attacks, fraudulent investment schemes, identity theft involving the misuse of stolen personal or financial information, unauthorised transactions and unlicensed financial operators. These are not isolated incidents. They form a part of a deliberate and evolving criminal landscape that preys on trust, exploits the gap in digital literacy and operates with increasing speed and scale.

Many consumers fall victim to financial fraud through a combination of limited awareness, misplaced trust and the allure of quick financial gains. Fraudsters exploit these vulnerabilities with calculated precision, deploying fear, urgency and attractive promises to manipulate their targets. A failure to observe safe banking practices, verify information or guard confidential details only deepens this exposure, making informed and vigilant behaviour the most effective defence a consumer can hold.

In today's interconnected financial ecosystem, the effects of financial frauds and scams extend far beyond the individual victim. They have emerged as a widespread threat capable of undermining public confidence, weakening financial stability and hindering national development. This is why protecting financial consumers from financial frauds and scams must be elevated from a consumer

protection issue to a matter of strategic national importance.

Beyond Monetary Loss: The Full Cost of Financial Frauds and Scams

Financial frauds and scams, at their core, are unlawful and deceptive acts carried out by individuals or organised groups with the intent of causing financial harm. Through manipulation and misinformation, consumers are misled or pressured into authorizing transactions, disclosing confidential information or transferring funds from their own accounts. The methods employed, such as impersonation, fabricated promises, misuse of digital platforms and exploitation of trust, typically bypass the formal controls of banking systems by manipulating the consumer directly.

The consequences of financial frauds and scams extend far beyond the theft of money or data, causing serious and wide-ranging harm to individual consumers, financial service providers (FSPs), the financial system and society at large. The true cost of financial fraud is measured across four dimensions.

Financial frauds and scams inflict harm far greater than monetary loss alone. When consumers fall victim to financial frauds and scams, confidence in formal financial institutions diminishes and participation in the broader financial system weakens alongside it. The consequences reach well beyond the individual, weakening institutional credibility, threatening systemic stability and quietly

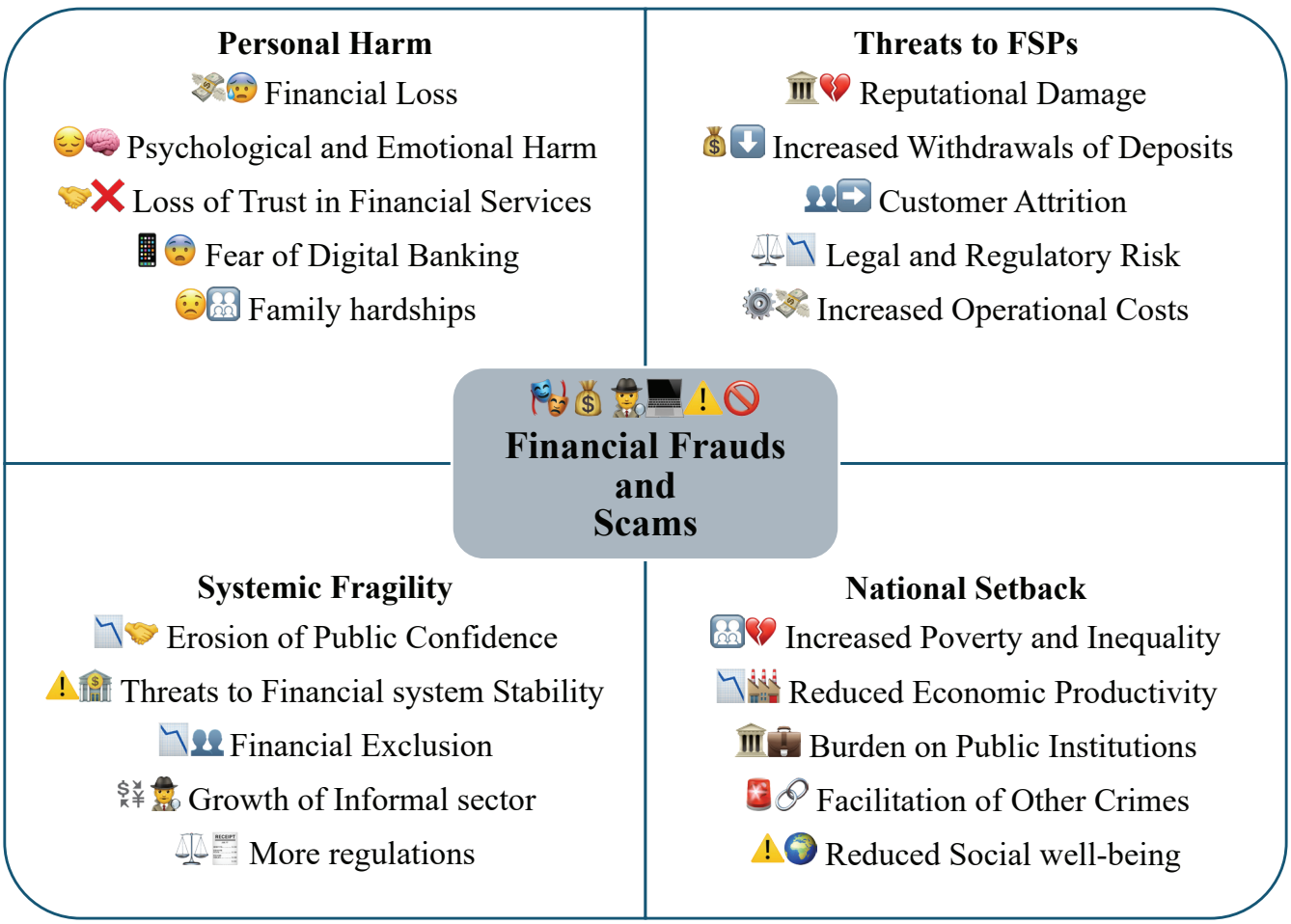

Figure 1: Financial frauds and scams threaten not just individuals, but the nation as a whole

undermining the social trust upon which a healthy economy depends. Preventing financial frauds and scams is, therefore, not simply an act of financial protection. It is an act of national preservation, one that safeguards public confidence over the financial system, sustains economic stability and secures the foundations of long-term social well-being.

The National Dividend of Strategic Prevention

When a nation chooses to treat fraud prevention as a strategic priority rather than a reactive obligation, it reaps dividends that extend well beyond the containment of financial losses. Strategic prevention builds public confidence, protects household savings and reinforces the credibility of FSPs. More significantly, it transforms the national response to fraud from a purely defensive response into a forward-looking investment in stability, inclusion and sustainable growth. By anticipating risks, enhancing safeguards and coordinating national efforts, a country both protects its citizens and fosters a secure financial environment where trust is preserved and economic resilience is sustained. The national gains of such an approach are both tangible and far-reaching.

Strengthening Public Trust in the Financial System: Trust is the invisible foundation of any financial system. People deposit their savings, transact digitally and participate in the formal economy based on one fundamental belief, that their money is safe and that FSPs will protect them. Every successful fraud and scam quietly erodes that belief and it is strategic prevention that preserves it, reinforcing the credibility of financial institutions and sustaining the willingness of the public to engage with the formal financial system.

Promoting Financial Inclusion and Digital Transformation: Sri Lanka, like many nations, is striving to build a digital economy where electronic payments, mobile banking and cashless transactions are the norm. Yet, digital transformation can only succeed if consumers feel secure. Unmitigated fraud risk may discourage vulnerable groups, such as the elderly, those with low financial literacy and first-time digital users, from engaging with formal financial services. Effective fraud prevention, therefore, does more than protect individuals. It sustains the momentum of financial inclusion and ensures that the benefits of technological progress are shared by all.

Reducing Poverty and Social Vulnerability: Financial frauds and scams often disproportionately affect those with limited financial literacy. When low-income households lose their savings, the consequences extend well beyond financial hardship, pushing families towards debt, diminishing their access to food, education and healthcare and deepening existing social inequalities. Protecting financial consumers is ultimately not solely a regulatory obligation. It is a matter of social justice, one that reflects a national commitment to shielding the most vulnerable from exploitation and upholding the principles of equality and shared social welfare.

Disrupting Organised Crime and Reinforcing National Security: Many large-scale financial fraud schemes are not the work of lone criminals. These are operations embedded within broader networks of money laundering, cybercrime and transnational organised crime. Effective fraud prevention contributes directly to dismantling these networks and strengthening the overall architecture of national security.

Safeguarding Financial System Stability: Financial security drives active participation in the economy. Households that trust the financial system are more likely to save, invest and consume, which are critical drivers of growth. Conversely, large-scale fraud incidents can trigger withdrawal from formal financial channels, reduce economic activity and in severe cases, destabilise financial markets. Such disruptions highlight how financial fraud and

scams can extend beyond individual losses to pose broader risks to the stability of the financial system. Addressing these threats by strengthening fraud prevention and consumer protection measures is therefore essential to safeguarding financial system stability.

Shared Responsibility: A Coordinated National Response

Preventing financial fraud is a shared national responsibility, one that demands coordinated action across regulators, FSPs, law enforcement agencies, technology providers and the public. Each stakeholder plays a distinct yet interconnected role and it is only through the deliberate alignment of these efforts that a truly resilient financial ecosystem can be built. A coordinated national response does not merely react to fraud; it anticipates, prevents and systematically minimizes harm, protecting not only individual savings but also public trust, economic stability and the broader foundations of national development.

A Nation that Protects its Consumers Protects its Future

Financial frauds and scams have emerged as one of the defining threats to Sri Lanka's financial sector and to the well-being of its citizens. As demonstrated in this article, the evidence is unambiguous: the harms caused by financial frauds and scams are not confined to individual losses. They cascade across institutions, undermine systemic confidence and impede the nation's economic well-being. Rising digitalization and interconnectedness make consumer protection against sophisticated financial frauds and scams more urgent than ever.

Combating this threat requires more than reactive enforcement. It requires the recognition, at the highest levels of policy, that protecting financial consumers is a strategic national priority. This

Figure 2: Stakeholders' responsibilities to prevent financial frauds and scams

The Public (Financial Consumers)	FSPs	Regulators and Government Authorities	Law Enforcement Agencies	Technology and Telecommunications Providers
• Protecting PINs, passwords, and OTPs • Verifying investment offers before transferring money • Avoiding suspicious links and unknown calls • Reporting fraud immediately to FSPs and authorities • Staying informed about common fraud and scam methods	• Complying with all regulatory requirements • Implementing robust cybersecurity systems and monitoring transactions in real time • Detecting suspicious activities early • Educating consumers on fraud risks • Responding quickly to complaints and taking necessary actions on suspicious transactions	• Enacting strong anti-fraud and cybersecurity laws • Supervising compliance levels and FSPs' risk management systems • Issuing guidelines on data protection and fraud prevention • Monitoring emerging threats • Coordinating national anti-fraud strategies	• Investigating fraud cases efficiently • Tracing digital money trails • Recovering stolen assets where possible • Prosecuting offenders • Cooperating internationally to combat cross-border scams	• Strengthen digital platform security • Detect and remove fake websites and accounts • Block suspicious communications • Monitor SIM misuse and cyber threats • Share threat intelligence with authorities

means strengthening legal frameworks and supervisory capacity, enhancing institutional safeguards, deepening public financial literacy and fostering genuine collaboration among all relevant stakeholders. It is also essential to understand that fraud prevention is not a static exercise. Criminal actors are adaptive. They evolve with technology, exploit new social trends and continuously refine their methods. The national response must therefore be equally dynamic, characterised by continuous investment, regulatory agility and sustained public engagement.

Most importantly, fraud prevention should be understood as an investment, not a cost. The resources committed to protecting financial consumers are a fraction of the economic and social losses that widespread financial frauds and scams inflict. A secure financial environment enables citizens to save with confidence, invest with purpose and engage with the formal economy without fear. It is precisely this connection between fraud prevention, economic resilience and financial system stability that elevates financial consumer protection beyond regulatory routine and establishes it, unequivocally, as a strategic national priority.

"During the preparation of this work, the authors used ChatGPT 5.3 to improve the readability of the manuscript. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the published article."

Financial Consumer Complaint Landscape of Sri Lanka: A Regulator's Perspective

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Consumer complaints provide a transparent view into the public's interaction with financial services and frequently act as preliminary indicators of potential dangers within the financial network. Acknowledging the importance of these observations, the Central Bank of Sri Lanka (CBSL) examines complaint statistics to detect behavioral risks, service deficiencies, and sectors that require oversight.

Strengthening Financial Consumer Protection Frameworks

The establishment of the Financial Consumer Relations Department (FCRD) in August 2020 marked a significant step in strengthening the Central Bank's framework for complaint handling and market conduct oversight. Since then, the FCRD has served as the focal point for receiving, analysing and facilitating the resolution of complaints relating to regulated financial institutions. More importantly, it has enabled CBSL to systematically identify recurring conduct risks, operational weaknesses and emerging consumer protection concerns.

This framework was further strengthened with the issuance of the Financial Consumer Protection Regulations in 2023, which formalised expectations relating to transparency, fair treatment, disclosure standards and internal grievance handling mechanisms within financial institutions.

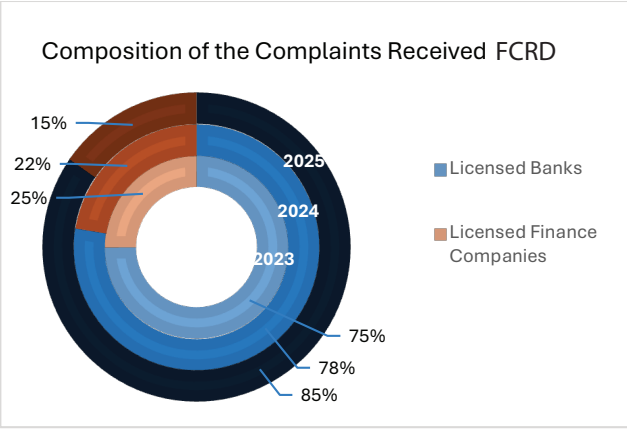
Against this backdrop, this article analyses complaints received by the FCRD relating to Licensed Financial Institutions (LFIs)[1] during the period 2023–2025, highlighting key trends and emerging risks in financial consumer protection.

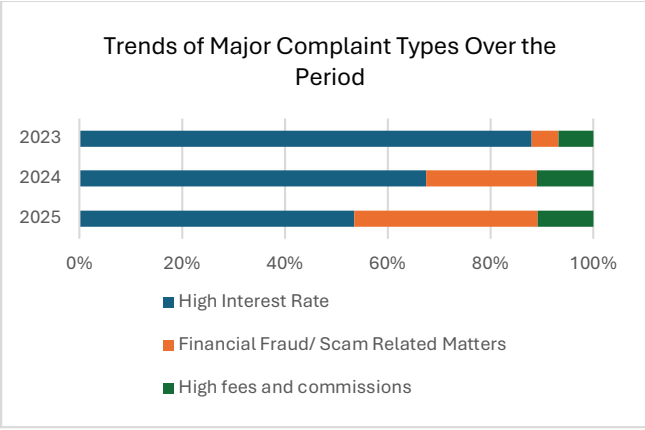
Emerging Complaint Trends in the Financial Sector

Complaint data are not merely records of individual grievances; they are a critical supervisory tool that provides insight into how financial institutions operate in practice. Beyond resolution, complaint analysis helps uncover gaps in service delivery, weaknesses in internal processes and areas where transparency may be lacking.

1 LFIs mean Licensed Banks and Licensed Finance Companies

An assessment of complaints between 2023 and 2025 relating to LFIs reveals shifting consumer priorities. Licensed banks account for 79% of total complaints, while licensed finance companies account for 21%, reflecting differences in customer base and transaction volumes.





While complaints relating to high lending interest rates have declined, several other categories have shown a clear upward trend. Complaints relating to fees and charges, and financial scams have increased notably. When taken together, these trends point to rising expectations around service reliability, digital security, operational efficiency and pricing transparency in an increasingly digital financial landscape.

Decline in High-Interest Rate Related Complaints

Complaints relating to high lending interest rates have declined significantly between 2023 and 2025. This reflects the broader easing of interest rates across the financial sector following the economic crisis period.

The decline suggests that the pressures previously faced by borrowers have moderated, leading to a corresponding reduction in grievances linked to high borrowing costs.

Alarming Increase in Financial Scams and Frauds

In contrast, complaints relating to financial scams and frauds have risen sharply, increasing by approximately 80% over the same period. This trend highlights the rapidly evolving nature of fraud risks in Sri Lanka's financial system.

The expansion of digital banking, mobile payments, social media platforms and online marketplaces has created new opportunities for fraudsters to target consumers. Common fraud typologies include phishing, social engineering, unauthorised access to digital banking accounts, fraudulent investment schemes, card-related scams, messaging-platform scams and impersonation of financial institutions and telecommunication providers.

In many instances, customers are persuaded to voluntarily disclose sensitive information such as one-time passwords (OTPs), card details or online banking credentials, enabling fraudsters to carry out unauthorised transactions.

The sharp increase in such complaints underscores the need for stronger fraud risk management across the financial sector. While institutions have introduced various security controls, the growing

sophistication of fraud schemes calls for continuous enhancement of detection systems, response mechanisms and inter-agency coordination.

Rising Concerns Over Fees and Charges

Complaints relating to fees and charges have increased by approximately 40% between 2023 and 2025, making this one of the most prominent areas of concern for financial consumers. This increase has occurred in a context where interest rates have declined and financial institutions have placed greater emphasis on fee-based income. While such charges are commercially justifiable, consumers are becoming increasingly sensitive to fees they perceive as unclear, excessive or insufficiently disclosed.

The most notable increase is observed in lending-related complaints, particularly in relation to processing fees, documentation charges, early settlement fees and other ancillary costs associated with credit facilities. Complaints relating to deposit products have also increased, reflecting concerns over minimum balance requirements, maintenance charges and service-related fees.

These trends signal a clear shift in consumer expectations. Financial customers increasingly demand simple, transparent and easily understandable pricing structures. Where communication is unclear or disclosures are inadequate, dissatisfaction quickly translates into complaints.

In response, LFIs may need to strengthen disclosure practices, simplify fee structures and ensure that customers are clearly informed of applicable charges at the point of onboarding and throughout the product lifecycle.

Deposit-Related Complaints: Service Delivery Under Greater Scrutiny

Matters concerning deposit products surged by 59% from 2023 to 2025, showing that customers are paying more attention to daily banking operations. Savings and fixed deposit accounts are among the most common financial tools used by the public. As more people go digital, the number of interactions increases, which also raises the chance of service problems. Typical issues involve blocked accounts, slow transfers or refunds, disagreements over contract terms, and poor customer support. While online banking has made access easier, it has also created an expectation for fast and dependable service. In such a climate, even small technical problems can cause significant unhappiness. This rising trend emphasizes the need to refine internal workflows, stabilize service quality, and ensure that customer problems are fixed quickly and clearly.

Implications

The patterns observed in complaints from 2023 to 2025 reflect the changing needs of users and new dangers in the Sri Lankan financial system. It is noteworthy to mention that these patterns are also broadly aligned with global trends highlighted in the Consumer Finance Risk Monitor 2026 published by the Organisation for Economic Co-operation and Development (OECD).

As services become more high-tech and intricate, the demand for openness, speed, and dependability grows. Meanwhile, the massive spike in fraud-related reports shows how vital it is to improve fraud defense systems throughout the sector. Financial firms may need to upgrade their live fraud tracking, tighten user verification, and improve systems for spotting suspicious behavior early.

Continuous efforts to educate the public are also essential for helping users spot and avoid scams. Tackling these issues will require a team effort between regulators, banks, telecom firms, and police. Moving forward, the study of grievances will remain a vital instrument for setting oversight goals and encouraging process improvements for banking sector. By proactively fixing recurring issues, financial firms can improve their behavior standards, minimize disagreements, and foster greater confidence in the financial system.

"During the preparation of this work, the authors used ChatGPT 5.3 in order to improve the readability of the manuscript. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the published article."

Further reading:

Consumer Finance Risk Monitor 2026 published by Organisation for Economic Co-operation and Development

Financial Consumer Protection Regulations No. 01 of 2023 of Financial Consumer Relations Department of Central Bank of Sri Lanka.

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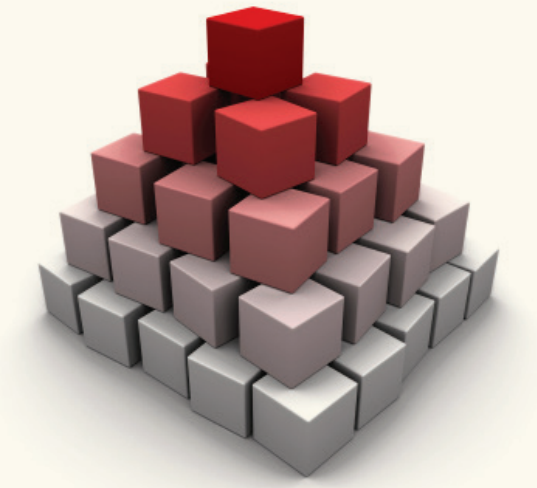

Pyramid Schemes Explained: How Ordinary People are Trapped by False Promises

Chethana Ferdinando, Senior Assistant Director, Financial Consumer Relations Department

The Illusion of Easy Money

In every community, there are people who dream of a better income, a better lifestyle, and a better future. These dreams are natural. But because of these hopes, many individuals unknowingly fall into dangerous traps, especially those set by people who promise quick wealth through illegal pyramid schemes. These schemes have grown into sophisticated ones over time, hiding behind attractive advertisements, job offers, training programs, online apps, and even cryptocurrency claims. Yet at their core, they remain simple frauds designed to take money from ordinary people and leave them with nothing.

To understand why so many fall victim, it is important to see how these schemes operate, how they disguise themselves as legitimate opportunities, and how easily someone can be deceived without realizing it.

A Job Interview That Wasn't a Job

As seen throughout history, the concept of a pyramid scheme too can be easily understood by following a simple storyline. The story begins with a young woman who attended what she believed was a normal job interview. She explained that she was hoping for a modest salary because she is just starting her career. Instead of offering her a job, the interviewers laughed and told her she could earn more than a hundred thousand rupees a month without even going to an office. Being very curious, she asked what the work involved. That was when they revealed the catch, she needed to pay a large registration fee first. After paying, she was told she only needed to bring in two or three more people who could pay the same amount. Once she did that, they promised the monthly income would begin.

What she thought was a job interview was actually a recruitment attempt for a pyramid scheme. The situation may sound unbelievable, yet thousands of people have encountered exactly the same tactic. The promise of easy money and effortless income can be tempting, especially when the invitation comes from someone friendly, confident, or persuasive. But the truth behind these schemes is far more troubling.

How Pyramid Schemes Really Operate

A pyramid scheme works by convincing people to pay money upfront and then persuading them to recruit others who will also pay. Early members receive money using the payments made by new members. Nothing real is sold. No actual service

is provided. The entire structure is supported only by a continuous flow of new people joining at the bottom. By the time the flow of new recruits dries up, which is inevitable, the scheme collapses. Those who joined earlier may earn something, but the vast majority lose their savings. In many cases, the operators themselves vanish long before the collapse, leaving behind financial ruin, broken trust, and sometimes even legal consequences for the innocent participants.

Why Pyramid Schemes Are Illegal

Sri Lankan law is very clear on this issue. Under Section 83C of the Banking Act, starting, promoting, joining, or even unknowingly participating in a pyramid scheme is illegal. A person found guilty can be fined up to ten million rupees or imprisoned for up to three years. If someone knowingly promotes such a scheme with the intention of deceiving others, the penalties are much more serious. These laws exist because pyramid schemes cause enormous harm, not just to individuals, but to society and the economy as a whole.

The Many Disguises of a Pyramid Scheme

Even with strict laws, pyramid schemes continue to spread because fraudsters constantly create new ways to disguise their operations. One of the most common tricks is to present the scheme as a multi-level marketing business (MLM). MLM itself is not illegal if it involves selling real products at genuine market prices. However, pyramid schemes use MLM as a cover. They may display vitamins, gadgets, cosmetics, or electronic items, but these products are usually overpriced, low quality, or merely symbolic. The real focus of the scheme is not selling products but adding more members. That is the clear signal that something is wrong with what they promote.

Another trick is misusing company registration documents. Fraudsters proudly show certificates issued by the Registrar of Companies to convince people that the business is legal. But a registered company can still engage in illegal activities. Registration alone does not make the business model lawful. Many people trust these documents without understanding the difference between a registered business and a legal business activity.

Some operators use glamorous lifestyles to mislead people, such as photos with luxury cars, foreign tours, expensive hotel stays, and dramatic claims of rapid wealth. These are staged to create trust and excitement. In reality, many of these so called “success stories” are either exaggerated or completely fabricated. The promoters themselves are often paid by the scheme to attract new members.

With the rise of the internet, pyramid schemes have also been moved online. They appear as mobile applications and social media promotions, asking users to invest in foreign currencies or cryptocurrencies. Participants are often asked to click advertisements or complete simple tasks while the app displays fake earnings. These numbers are artificially generated to create the illusion of profit. In Sri Lanka, cryptocurrencies are not legally recognized as a form of currency, making such schemes even more dangerous. People not only lose their money, but also risk losing their personal information to unknown operators.

Another modern disguise is the “training program.” Some organizations conduct one day or weekend workshops, charging high registration fees and promising certificates and job opportunities afterward. In reality, these programs have no professional value. Their entire income depends

on constantly enrolling new participants, making them nothing more than pyramid schemes wrapped in professional language.

The Damage Caused by Pyramid Schemes

The consequences of falling into a pyramid scheme are severe. Financial loss is the most obvious result. People often borrow money, mortgage property, or use their savings to join, hoping to earn it back quickly. When the scheme collapses or when the operators run away, the debt remains. Relationships, too, suffer deeply. Many recruit family members and friends, believing they are offering a good opportunity. When those people lose their money, blame, anger, and mistrust follow. In some cases, victims face legal trouble for participating in or promoting an illegal scheme, even if they did not intend to cheat anyone.

Preventing the Trap

Given these dangers, the best protection is awareness. Learning about legal financial practices and understanding how genuine investments work is essential. The Central Bank of Sri Lanka offers guidance through its website, hotlines, and awareness programs. By educating yourself, not only is your own money protected, but the spread of such schemes to others is also prevented. If you come across any suspicious activity, reporting it to the nearest police station or to the Central Bank's Financial Consumer Relations Department can help stop the scheme before more people get trapped.

A Final Reminder

Pyramid schemes survive only when people fall for false promises. By staying alert, asking questions, and making informed decisions, you can protect yourself, your loved ones, and your community from these harmful traps. Quick riches may sound tempting, but real financial stability always comes from honest work, patience, and wise choices, not from illegal shortcuts disguised as opportunities.

During the preparation of this work, the author used ChatGPT 5.3 in order to improve the clarity of the manuscript. After using this tool, the author reviewed and edited the content as needed and take full responsibility for the content of the published article.

Open APIs: Transforming Data Sharing at CBSL

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The Critical Role of Central Bank Data

Central banks around the world serve as a primary source of economic and financial statistics for their nations. Reliable data supports sound policymaking, financial stability, investor confidence, academic research, and informed public debate. In today's fast-moving and interconnected world, timely and accurate data sharing is essential for maintaining transparency and trust.

The Central Bank of Sri Lanka (CBSL) regularly publishes a wide range of economic and financial information including exchange rates, interest rates, inflation indicators, monetary aggregates, balance of payment statistics, financial sector statistics, external sector indicators and macroeconomic performance indicators. These datasets are used by policymakers, banks, researchers, universities, students, international organizations, media institutions, and the general public to perform various activities such as economic analysis, forecasting, investment decisions, and academic study.

At present, CBSL publishes this data through multiple channels including the Economic and Social Statistics of Sri Lanka, the Sri Lanka Socio-Economic Data booklet, weekly and monthly economic indicators, monthly statistical bulletins, the Economic Data Library, and compliance with the International Monetary Fund's Special Data Dissemination Standards (SDDS). CBSL also publishes high frequency data such as the Purchasing Managers' Index, Business Outlook Surveys, Financial Stability Reviews, and Monetary Policy Reviews. With such extensive and critical data holdings, the question becomes: ***How can this wealth of information be made more accessible, timely, and useful to the thousands of individuals and organizations who rely on it daily?***

The Current Reality

Imagine you are a university student researching inflation trends, or a tech developer building a FinTech application. Currently, to get the data you need, you would likely navigate to the CBSL corporate website and manually download multiple Excel files or search through lengthy PDFs. Similarly, when international organizations like the IMF or the World Bank request economic and financial data from CBSL, the relevant departments usually provide the requested information manually in PDF or Excel format. While this approach serves its purpose, it relies heavily on manual

processes. As a result, it can be time-consuming, prone to human error, and does not support real-time or automated data access. Repetitive manual operations also increase operational effort and may lead to inconsistencies in data interpretation.

What if this data could be accessed instantly, in a secure, controlled, and standardized manner directly from the source? This is the beauty of Open APIs.

This article explains the concept of Open APIs in simple terms, introduces the global standards for data sharing, highlights how other central banks and global institutions use such platforms and presents the current status of the on-going CBSL Open API project.

What exactly is an API?

An **API (Application Programming Interface)** is like a digital service counter. Here, instead of a person coming to the counter and asking for information, a request from a computer system comes to the counter and asks for information, and the information is returned in a structured, machine-readable format.

What is an Open API?

The "Open" part never mean these APIs are uncontrolled, it means these APIs are:

- Publicly accessible – Available to authorized users, developers, and organizations
- Well-documented – Clear instructions on how to use them
- Standardized – Follow international best practices
- Secure – Protected but accessible with proper authentication

A Simple Analogy

Imagine you are at a restaurant. You don't go into the kitchen to cook your own meal, do you?

Instead:

- The waiter shows you the **menu** to see what's available (API documentation)
- You **tell** the waiter what you want (API request)
- The waiter takes your order to the **kitchen** (the system / database)
- The kitchen **prepares** your food following standard recipes (data processing)
- The waiter **brings** you exactly what you ordered (API response)

Here, the waiter acts as an Open API.

Step-by-step Process:

- Step 1: External User initiates a request **(Request)**

  An external user, either a person (for example, a researcher) or an automated system (such as a bank's internal application) initiates a secure data request via https to access the required information.

- Step 2: API Gateway Security Check **(Authentication)**

  The system performs authentication and validation to ensure the request is authorized.

- Step 3: Fetching Approved Data (Processing)

  The Open API Platform pulls data from source systems.

- Step 4: Standardized Data Delivery **(Response)**

  The user receives the requested information.

illustrates the step-by-step process in a typical Open API workflow.

Figure 1 - The Open API Workflow

Do these APIs support only data dissemination?

APIs can be designed not only to disseminate data but also to receive data. For example, an institution can design APIs not only to disseminate data to authorized external parties, but also to allow authorized entities to securely submit data back to the institution, based on its operational requirements. Similarly, Open APIs are not only data publishing channels. They can also function as secure digital channels for receiving data from authorized stakeholders.

The Format of the Response

As explained under the step-by-step process of how an Open API works, Step 4 involves receiving the response to the requested information. Typically, this data is shared in a commonly used format known as JSON.

JSON (JavaScript Object Notation) is a lightweight, text-based format that is designed to be easy for humans to read and understand, while also being very simple for computers to process. It organizes data into simple pairs of names and

Figure 2 illustrates a sample response to get National Consumer Price Index (NCPI) data in JSON format.


```
{
  "period": "2025-10-00",
  "type": "NCPI",
  "data": {
    "National Consumer Price Index (NCPI) - Core": 196.4,
    "Annual Average Change % (Core)": 0.7,
    "Year-on-Year Change % (Core)": 2.1,
    "National Consumer Price Index (NCPI) - Headline": 207.5,
    "Annual Average Change %": -0.6,
    "Monthly Change %": 0,
    "Year-on-Year Change %": 2.7
  }
}
```


Figure 2 – Response to get NCPI data in JSON format

values, making it highly versatile for various types of applications.

Even though this format is simple and lightweight, it is context-poor. Some of the key limitations of using this for Statistics are as follows:

- **Lack of Reliability:** There is no information about who sent this data, when it was prepared, or how to contact the department responsible if there is an error.
- **Missing Metadata:** While we see the number 196.4, the JSON snippet does not explain what that number represents. Is it a percentage? a currency? or an index value? For a person who is familiar with the subject, this could be identified as an index, but for a machine, it is not straightforward.
- **No Data Status:** Even for a researcher or a subject expert, the JSON format does not carry information to infer whether this figure, 196.4 is "Provisional", "Estimated" or the final "Actual" figure.
- **No Global Statistical Schema:** Because JSON is so flexible, every organization might structure their JSON responses differently. This requires researchers or systems to write custom code for every different source they access.
- **Scalability for Complex Data:** For highly complex, multi-dimensional statistical datasets, JSON can become bulky and difficult to navigate without a predefined structure.

Understanding SDMX: The Global Standard

SDMX (Statistical Data and Metadata eXchange) is an ISO standard (ISO 17369:2013) specifically designed for exchanging statistical data and metadata (BIS, n.d.). Think of it as a universal language for statistics that central banks, international organizations, and statistical agencies understand. The SDMX was initiated in 2005 jointly sponsored and governed by 07 organizations, Bank for International Settlement (BIS), European Central Bank (ECB), Eurostat, International Monetary Fund (IMF), Organization for Economic Co-operation and Development (OECD), United Nations Statistics Division (UNSD) and World Bank. The first global SDMX data exchange was implemented in 2013 (SDMX, n.d.).

As you can see, the response in SDMX format for the same request is much more complicated compared to the response in JSON format. However, this complicated format addresses limitations of the JSON format by sending not just the data requested, but also the meaning (metadata) behind the data.

- **Traceability (The Header):** Unlike the JSON snippet, the SDMX response includes a header identifying the sender as the "Central Bank of Sri Lanka" and provides a direct contact email and website. This ensures the data is reliable.
- **Integrated Metadata:**
  - **UNIT_MEASURE** tag explicitly identifies what the number represents. In our example, it is set to **IDX**, clarifying that 196.4 is an **Index value**, not a currency or a percentage.
  - **INDICATOR** tag provides the full, standardized name of the data series (e.g., "National Consumer Price Index (NCPI) - Core"), ensuring there is no confusion about what is being measured.
  - **DECIMALS** metadata tells the receiving system how many decimal places are

illustrates the response to get NCPI data in SDMX format.


```
{"header":{"id":"PRICE_INDICES_20260213110443","prepared":"2026-02-
13T11:04:43.1159279Z","sender":{"id":"CBSL","name":{"lang":"en","text":"Central Bank of Sri
Lanka"},"contact":{"name":{"lang":"en","text":"Statistics
Department"},"email":"statistics@cbsl.lk","uri":"https://www.cbsl.gov.lk"}},"structure":{"structureID"
:"DSD_PRICE_INDICES","namespace":"urn:sdmx:org.sdmx.infomodel.datastructure.DataStructure=CBSL:DSD_PRI
CE_INDICES","dimensionAtObservation":"TIME_PERIOD"}},"dataSet":{"structureRef":"CBSL:DSD_PRICE_INDICES
","series":[{"seriesKey":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"National
Consumer Price Index (NCPI) -
Core"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},{"
id":"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025-
Oct"}]},"obsValue":{"value":196.4},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"seri
esKey":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"Annual Average Change %
(Core)"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},
{"id":"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025
-
Oct"}]},"obsValue":{"value":0.7},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"series
Key":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"Year-on-Year Change %
(Core)"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},
{"id":"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025
-
Oct"}]},"obsValue":{"value":2.1},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"series
Key":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"National Consumer Price Index
(NCPI) -
Headline"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"
},{"id":"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"20
25-
Oct"}]},"obsValue":{"value":207.5},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"seri
esKey":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"Annual Average Change
%"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},{"id"
:"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025-
Oct"}]},"obsValue":{"value":-
0.6},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"seriesKey":{"values":[{"id":"FREQ"
,"value":"W"},{"id":"INDICATOR","value":"Monthly Change
%"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},{"id"
:"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025-
Oct"}]},"obsValue":{"value":0.0},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]},{"series
Key":{"values":[{"id":"FREQ","value":"W"},{"id":"INDICATOR","value":"Year-on-Year Change
%"},{"id":"REF_AREA","value":"LK"}]},"attributes":{"values":[{"id":"UNIT_MEASURE","value":"IDX"},{"id"
:"DECIMALS","value":"2"}]},"observations":[{"obsKey":{"values":[{"id":"TIME_PERIOD","value":"2025-
Oct"}]},"obsValue":{"value":2.7},"attributes":{"values":[{"id":"OBS_STATUS","value":"A"}]}}]}]}}
```


Figure 3 – Response to get NCPI data in SDMX format

significant (in this case, 2), ensuring the data is displayed and calculated correctly.

- **OBS_STATUS** provides critical context on the data quality or stage, such as **A** for "**Actual**" or "Official," which helps a researcher determine if the data is final and not provisional.
- **FREQ:** W tells the system this is weekly data.
- **REF_AREA:** LK clarifies the geographic region (Sri Lanka).

By including these attributes directly in the response, SDMX transforms the "Standardized Response" from a simple list of numbers into a self-describing dataset. This allows computer systems of the external stakeholders to automatically interpret the context of the values without needing to look up a separate manual or definition file.

In the world of official statistics, SDMX is considered as the industry standard for machine-to-machine communication, making it the logical choice for any central bank launching a modern Open API Platform.

Table 1 summarizes the differences between JSON and SDMX formats.

Feature	JSON Format	SDMX Format
Readability	High for humans, very simple	Lower for humans, very technical
Metadata	None (No units or definitions)	High (Units, frequency, area, etc. included)
Origin	Unknown	Clearly identified
Status	Unknown	Confirmed as either 'Provisional', Estimated' or 'Actual'
Use Case	Quick web/mobile app displays	In-depth research and global data exchange

Table 1 - JSON SDMX Summary Comparison

How Global Institutions Use Open APIs

The adoption of Open APIs by major global financial institutions has transformed how economic and financial data is disseminated and consumed worldwide. Most major central banks, international financial organizations, and statistical agencies utilize SDMX for their official statistical reporting and many have integrated it into their public-facing data APIs to maintain compliance with international reporting requirements. The following section highlights use cases of some of these institutions.

Bank for International Settlements (BIS)

The Bank for International Settlements operates a comprehensive Statistics API platform that aggregates and disseminates international banking and financial data from central banks worldwide. The BIS Data Portal provides SDMX-compliant web services offering access to multiple statistical datasets, including consolidated banking statistics, debt securities statistics, effective exchange rates, and global liquidity indicators (BIS, 2025). The BIS API platform serves as a critical infrastructure for central banks to access comparative international statistics, enabling them to benchmark domestic financial indicators against global trends and peer jurisdictions.

Bank of England

The Bank of England (BoE) has implemented a modern Statistical Interactive Database with comprehensive API functionality providing access to UK monetary and financial statistics. The BoE's APIs enable access to time series data covering monetary policy, banking statistics, financial stability indicators, payment systems data, and historical statistical series (Bank of England, 2026). The platform serves a diverse user base including UK financial institutions, international monetary authorities, academic researchers, and fintech developers who require real-time or historical access to official Bank of England statistics.

European Central Bank (ECB)

The European Central Bank has been at the forefront of Open API implementation through its Data Portal, which serves as a comprehensive repository of European financial and economic statistics. The platform provides access to time series data covering monetary statistics, financial market data, exchange rates, balance of payments, and macroeconomic indicators for the euro area and EU member states (European Central Bank, 2025). The ECB's API infrastructure supports both data retrieval and data discovery modes, enabling users to access specific datasets or explore available statistical resources programmatically.

Federal Reserve System

The Federal Reserve Bank of St. Louis operates the Federal Reserve Economic Data (FRED) platform, which maintains one of the world's most comprehensive economic databases accessible via Open API. The FRED API platform enables users to retrieve economic data from the FRED and ALFRED databases. The platform provides API access to economic time series from multiple data sources, including national accounts, employment statistics, interest rates, exchange rates, and regional economic indicators (Federal Reserve Bank of St. Louis, n.d.).

International Monetary Fund (IMF)

The International Monetary Fund has developed a sophisticated API infrastructure. The IMF's API implementation provides access to multiple flagship databases, including International Financial Statistics (IFS), Balance of Payments (BOP), Direction of Trade Statistics (DOTS), and the World Economic Outlook (WEO) database (International Monetary Fund, 2026). The platform supports complex queries allowing users to filter data by country, indicator, time period, and frequency, whilst maintaining compliance with international data dissemination standards. This infrastructure enables national authorities to access standardized international statistics and benchmark domestic indicators against global comparators, supporting evidence-based policy formulation and international economic surveillance.

Monetary Authority of Singapore (MAS)

The Monetary Authority of Singapore has established an advanced API ecosystem that demonstrates best practices in central bank digital transformation and open data initiatives. MAS launched its first set of data APIs drawn from its Monthly Statistical Bulletin, initially publishing 12 datasets covering frequently accessed information on exchange rates and interest rates (Ministry of Digital Development and Information, n.d.). According to the Singapore Government Developer Portal, the MAS API provides real-time financial and market data including economic indicators, stock prices, and other relevant financial metrics, allowing businesses to make data-driven decisions whilst helping them stay compliant with Singapore's regulatory framework through access to guidelines, frameworks, and reporting tools (Singapore Government Developer Portal, n.d.).

Reserve Bank of India (RBI)

The Reserve Bank of India has developed a comprehensive data dissemination infrastructure centered around its Database on Indian Economy (DBIE) portal, which serves as the central repository for Indian macroeconomic and financial sector statistics. The DBIE portal has evolved into an integrated repository of current and historical data that is frequently accessed by citizens, Indian and global analysts, and researchers (Reserve Bank of India, 2024a). The DBIE platform disseminates data across seven subject areas: Real Sector, Corporate Sector, Financial Sector, Financial Market, External Sector, Public Finance, and Socio-Economic Indicators (Reserve Bank of India, 2024b). The platform also hosts the SAARC Finance Database and Banking Outlet Locator, serving as a valuable resource for regional financial cooperation and banking infrastructure transparency.

World Bank

The World Bank Group's Open Data initiative provides comprehensive API access to development indicators covering a large number of countries and territories, spanning six decades

of economic, social, and environmental data. The World Bank's Data API offers free, open access to World Development Indicators, International Debt Statistics, and other key databases (World Bank, 2025). The API architecture enables users to retrieve aggregate indicators such as GDP, poverty rates, education statistics, health metrics, and infrastructure development data through standardized queries. This platform allows central banks and national statistical offices to integrate World Bank data into their own analytical frameworks alongside domestic economic indicators, facilitating comprehensive economic analysis and international comparisons for development policy formulation.

The implementation experiences of these major institutions reveal several common facts that are helpful for CBSL's Open API project. First, adherence to SDMX standard emerges as critical for international interoperability, with organizations like BIS, ECB, and IMF demonstrating how standardization facilitates automated data exchange and reduces integration costs for data consumers. Second, comprehensive documentation and developer support resources are universal features across successful implementations, lowering technical barriers and encouraging broader API adoption. Third, these institutions balance open access with appropriate security measures, typically employing API keys for authentication whilst maintaining accessibility for research and analytical purposes. Finally, successful implementations demonstrate the importance of scalable infrastructure capable of handling high-volume API requests whilst maintaining response performance and reliability.

These lessons provide valuable guidance as CBSL is in the process of developing its Open API strategy to serve both internal and external stakeholders and fulfil international reporting requirements whilst positioning the CBSL among globally recognized institutions committed to data transparency and modern technological practices.

Current Status of CBSL Open API Project

In line with the broader objective of strengthening price stability through enhanced market transparency, and economic resilience through innovation and technical excellence, the Information Technology Department (ITD) of CBSL initiated the CBSL Open API Project in the fourth quarter of 2025. The project aims to establish a secure, scalable, and standards-driven Open API platform to enhance the dissemination of curated financial and economic data to both internal and external stakeholders.

The Open API platform is designed to serve as a controlled digital data distribution channel. It will enable authorized users, including CBSL departments, regulated financial institutions, researchers, media organizations, and international institutions such as the IMF to access official data directly from the source in a structured and machine-readable format. By reducing reliance on manual data requests, static reports, and ad-hoc data sharing methods, the initiative seeks to improve efficiency, transparency, and consistency in data dissemination. The overall architecture and design of the platform have been completed. The design incorporates a secure API Gateway layer, authentication and authorization mechanisms, access control policies, and integration with CBSL's internal source systems.

The project is currently in the development and implementation phase. Infrastructure components are being configured, and core APIs are being developed and integrated with selected data

sources. The development work is progressing in accordance with the planned implementation roadmap. Subsequent phases will include the preparation of API documentation, establishment of a developer portal, structured testing, and controlled onboarding of users.

A key feature of the CBSL Open API platform is its support for multiple response formats. The platform will provide data in JSON format to ensure ease of integration for developers and other interested stakeholders. In addition, it will support SDMX format to align with international statistical standards. The inclusion of SDMX ensures interoperability with global institutions and enhances credibility, comparability, and structured interpretation of CBSL statistical data. Supporting both formats allows the platform to cater to diverse technical and reporting requirements.

Currently, the project is being implemented in close collaboration with the Statistics Department and the Economic Research Department of CBSL. These departments are actively engaged in identifying priority datasets and ensuring alignment with established statistical standards. Going forward, the platform will publish data in collaboration with other relevant CBSL departments responsible for data dissemination. This cross-departmental coordination ensures that only validated and approved data is released through the platform, reinforcing CBSL's role as an reliable source of financial and economic information.

The screenshots illustrated in Figure 4 and Figure 5 demonstrate the current development progress, including the platform interface, and API structure. These visuals demonstrate that the project has moved beyond conceptual design and is now in an active implementation stage.

Figure 4 - CBSL Open API Project Interface

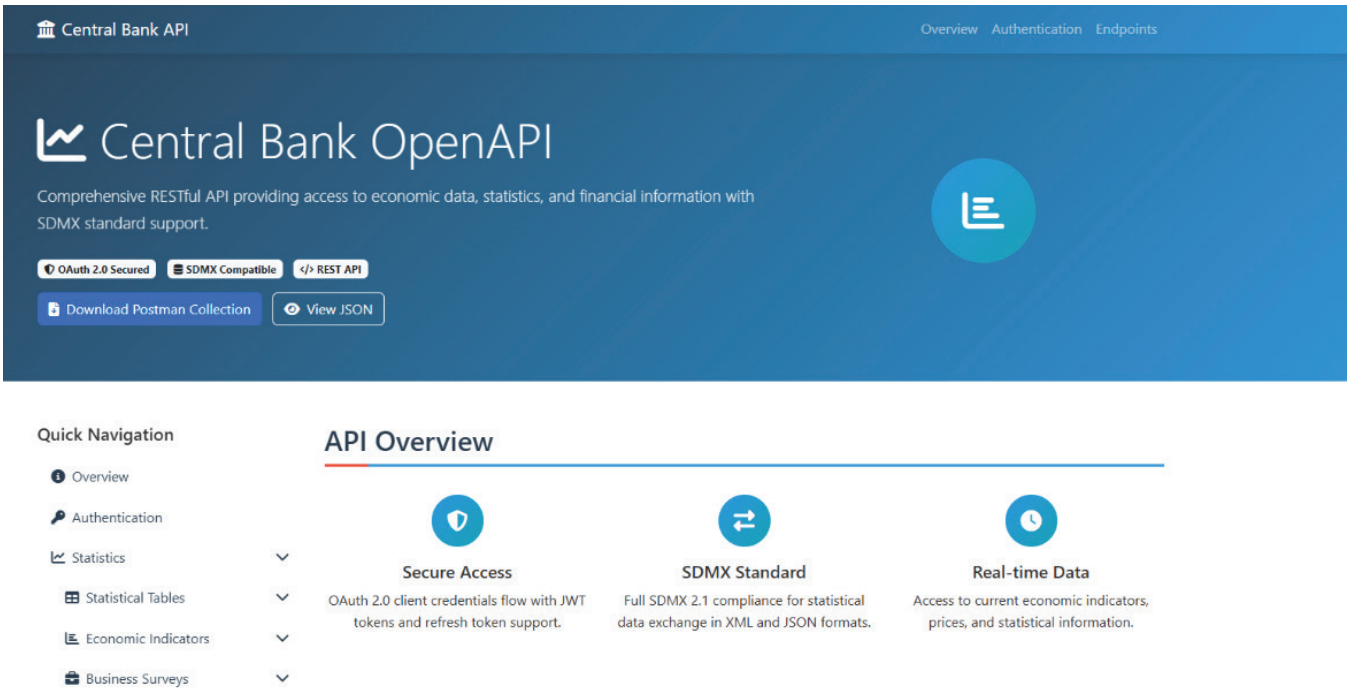
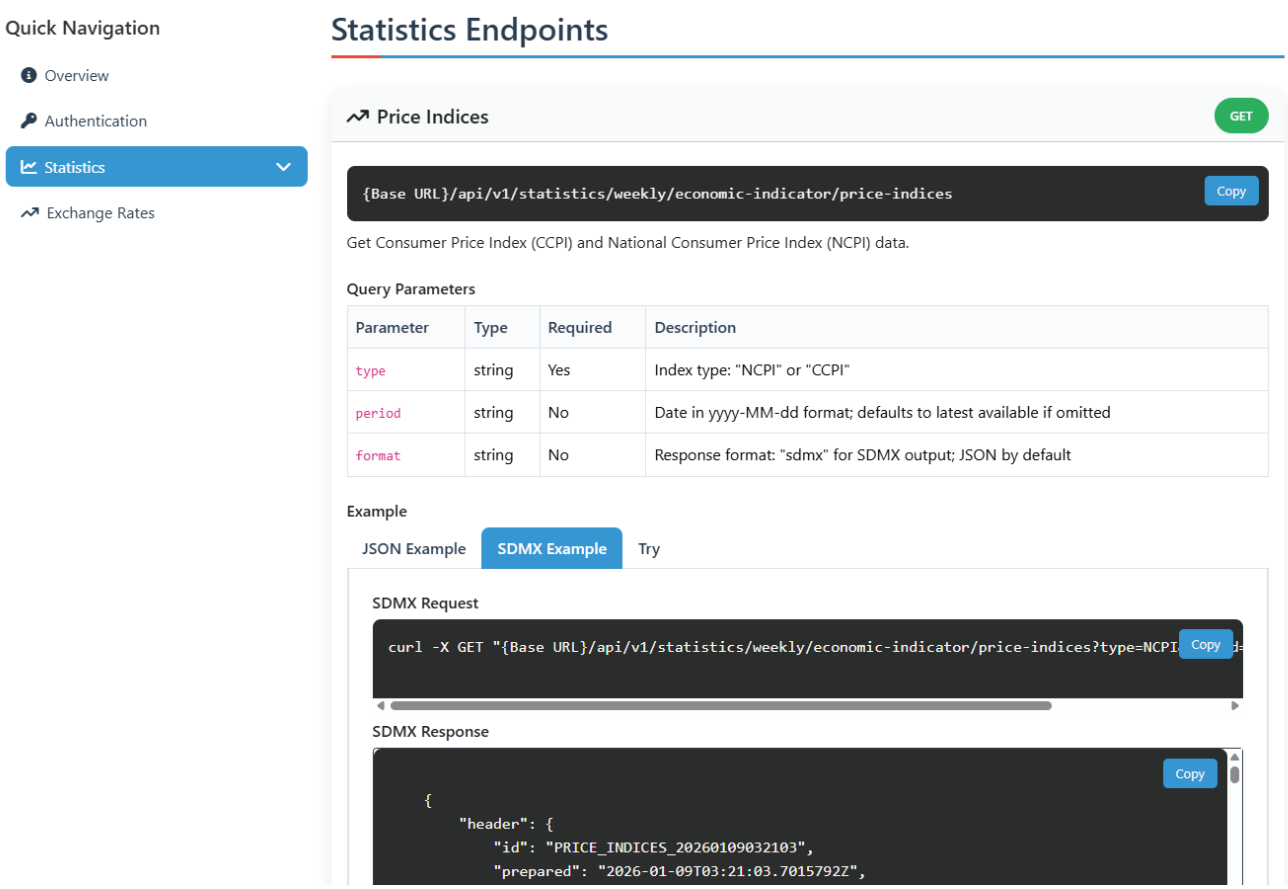


Figure 5 - CBSL Open API Project Interface



Upon completion, the Open API platform is expected to significantly enhance data accessibility and transparency while reducing information asymmetry. It will establish a single, trusted channel for official data dissemination and improve overall data governance across the Bank. Strategically, the initiative positions CBSL in line with global best practices adopted by leading central banks and international financial institutions.

Looking Ahead: The Future of Economic Data in Sri Lanka

The CBSL Open API Project is more than a technological upgrade. It marks a fundamental shift in how Central Bank of Sri Lanka engages with the modern digital economy. As we have seen from the experiences of leading central banks worldwide, Open APIs are not just about making data available. They are about democratizing access to economic information, fostering innovation, and building trust through transparency.

For students and researchers, the CBSL Open API platform will eliminate the frustration of manual data collection, allowing more time for analysis and insight generation. For financial institutions, it will enable real-time integration of official statistics into decision-making systems. For international organizations, it will facilitate seamless data exchange aligned with global standards. And for the general public, it will provide unprecedented access to economic data that shapes policies affecting everyday life.

The journey toward a fully operational Open API platform is well underway. As CBSL continues to develop this infrastructure, it joins a global community of central banks committed to leveraging technology for greater transparency, efficiency, and public service. The implementation of SDMX standards positions Sri Lanka to participate fully in international statistical initiatives, ensuring our economic data is not only accessible but also internationally comparable and credible.

As this platform evolves and expands, it will serve as critical digital infrastructure for Sri Lanka's economic ecosystem, supporting evidence-based policymaking, academic research, financial innovation, and public understanding of economic trends.

The transformation of data sharing at CBSL is not just about keeping pace with global trends. It's about positioning CBSL as an institution that embraces innovation while maintaining the highest standards of data integrity and security.

During the preparation of this article, the author used Claude (Anthropic) to verify references and to improve language clarity. All content was subsequently reviewed, edited, and validated by the author, who takes full responsibility for the accuracy and integrity of this publication.

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