

# PRESS RELEASE

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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

Issued By

Payments and Settlements Department

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## **CENTRAL BANK OF SRI LANKA TO FUNCTION AS THE REGULATORY AND SUPERVISORY AUTHORITY OF MONEY OR VALUE TRANSFER SERVICE PROVIDERS**

Currently, institutions providing money transfer services in Sri Lanka such as banks and non-bank financial institutions, are regulated by the Central Bank of Sri Lanka (CBSL) or other relevant authorities to ensure financial system stability. However, some entities providing similar services operate outside the formal system, potentially disrupting the money transfer system and not being subject to Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regulatory framework.

To address this, the Minister of Finance, Economic Stabilization, and National Policies issued the Money or Value Transfer Service (MVTS) Providers Regulations, No. 1 of 2024 dated April 20, 2024, under the provisions of the Payment and Settlement Systems Act, No. 28 of 2005. Accordingly, effective from June 3, 2024, these regulations require all MVTS providers to be registered and be monitored, offering unregistered or unlicensed MVTS providers the opportunity to formalize their operations and engage in the money transfer business through formal channels.

For the purpose of these Regulations, MVTS is defined as “financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other forms to a beneficiary by means of communication, message, transfer, or through a clearing network to which the registered MVTS Provider belongs. Such transactions may involve one or more intermediaries and a final payment to a third party, and may be from place to place, within, to or from Sri Lanka or any other country”.

As per these Regulations, a person shall engage in the business of or function as an MVTS Provider only under the authority and in accordance with the terms and conditions of a Certificate of Registration issued by CBSL. However, any person who is already engaged in or is eligible to engage in the business of or function as an MVTS Provider under any other

licence, permit or authorization issued by CBSL, or any other Regulator or Government entity is exempted from the aforementioned regulation. Further, existing MVTS Providers who are already providing services without any licence, permit or authorization issued by CBSL, or any other Regulator or Government entity shall apply for a Certificate of Registration from CBSL, within one year from the effective date of these Regulations, June 3, 2024.

The key requirements under the Regulations for a person to engage in the business of or function as an MVTS Provider are as follows:

- a. Shall be a company registered under the Companies Act, No. 7 of 2007 having an unimpaired capital of at least Rupees Twenty Million (20 Mn) or such other amount determined by CBSL.

A company limited by guarantee, an offshore company or an overseas company within the meaning of the Companies Act, No. 7 of 2007 is not eligible for registration under these Regulations.

- b. Exclusively carry out businesses and activities of an MVTS Provider.
- c. Maintain/operate a system or well-defined mechanism for providing MVTS.

An eligible person who intends to engage in the business of an MVTS Provider should submit the duly filled prescribed application to CBSL and obtain a Certificate of Registration. A company issued with such Certificate of Registration will be referred to as a “Registered MVTS Provider” and will be entitled to engage in the business of or function as a MVTS Provider as defined above. Further, during this business process, transmission of money between Registered MVTS Providers and their Agents shall be by way of bank transfers. Further, they are required to maintain records of Agents, associates, employees engaging in MVTS related activities, and transactions including details of Transmitter, Beneficiary, Agent, the method of transfer, period of safekeeping, etc.

CBSL will function as the regulatory and supervisory authority of Registered MVTS providers. Accordingly, CBSL may carry out supervision of any Registered MVTS Provider and issue requirements on any one or more Registered MVTS Providers regarding the manner in which any aspect of their business is to be conducted.

Any potential or existing MVTS Provider that falls within these new requirements is requested to take necessary action to comply with the same on a timely basis. The above-mentioned Regulations can be accessed through :

[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/laws/cdg/psd\\_reg\\_2024\\_1\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/psd_reg_2024_1_e.pdf).

For further clarifications, the Payments and Settlements Department of CBSL can be contacted through Tel: 011 2477642 or by email: mvts@cbsl.lk.