

Special Deposit Account (SDA) - FAQs

1. What is an SDA?

SDA is a special account that has been introduced by GOSL to encourage investment in Sri Lanka. Customers who open the “Special Deposit Account” will be paid higher interest rates over the normal interest rates offered by the Bank.

The SDA where higher interest is paid for is a Fixed Deposit product. There are 2 types of term deposits. The 6 month deposit and the 1 year deposit.

An SDA savings account too is permitted. However, this is an operational account opened only for the purpose of receiving funds to be placed in SDAs.

2. Will I get this higher interest rate for all tenors?

You will earn the higher interest for 06 month and 12 month maturity Fixed Deposits (FDs) only

3. What is the higher interest that is offered?

1% per annum, above the normal rate for 06 month maturity FD

2% per annum, above the normal rate for 12 month maturity FD

4. In which currency can I open the SDA?

SDAs can be opened in any of the below currencies:

- (a) United States Dollars (USD)
- (b) Euro (EUR)
- (c) Sterling Pound (GBP)
- (d) Australian Dollars (AUD)
- (e) Singapore Dollars (SGD)
- (f) Swedish Kroner (SEK)
- (g) Swiss Franc (CHF)
- (h) Canadian Dollars (CAD)
- (i) Hong Kong Dollars (HKD)
- (j) Japanese Yen (JPY)
- (k) Danish Kroner (DKK)
- (l) Norwegian Kroner (NZN)
- (m) Chinese Renminbi (CNY)
- (n) New Zealand Dollars. (NZD)
- (m) Sri Lankan Rupees (LKR)

5. Who can open a SDA?

- a) Sri Lankan individual resident in or outside Sri Lanka
- b) Dual Citizens
- c) Citizens of other States with Sri Lankan Origin
- d) Non - nationals resident in or outside Sri Lanka
- e) Funds, corporate bodies, associations incorporated /registered outside Sri Lanka
- f) Any other well-wishers

6. How do I open a SDA?

SDAs can be opened using inward remittances from outside Sri Lanka during the 6 months period commencing from 8th April 2020 which is

- a) Remitted directly to a SDA

Or

- b) Transfers from IIA or FCBU Account by the account holder, provided that proceeds have been received as inward remittances during the six months period commencing 8th April 2020.

7. From which IIA accounts can transfers be made to SDA?

Transfer from IIA Account to SDA is permitted only when proceeds relate to inward remittances received to an IIA Account during the 6 month period commencing 8th April 2020.

8. If an IIA is a joint account can we open a sole SDA Account?'

SDA can be opened based on the consent from all the Joint Account holders of the IIA

9. What is an SDA Savings Account and can I operate it as a normal savings account?

SDAs in the form of savings accounts may be opened as operational accounts only for the purpose of receiving funds to be placed in SDA Fixed Deposits.

These SDA Savings accounts therefore cannot be operated as a normal savings account.

10. Can a SDA be opened as a joint account?

Yes. An SDA can be opened jointly with another eligible person, in the Domestic Banking Unit (DBU)

11. What is the minimum and maximum amounts that I can invest in SDA?

There no minimum or maximum amount as per the CBSL Circular. However, the minimum deposit amount applicable to our normal Fixed Deposits has been applied by the Bank for the SDA.

12. I am a Resident Sri Lankan, earning fees for consultancy, advisory services, etc., / overseas pensions for previous employment abroad. Can I invest in SDA FD?

Yes. You can, by remitting the relevant funds to an SDA Savings Account.

However, it is to be noted that the SDA Savings Account cannot be operated as a normal savings account and will allowed to be opened and used only during the period of this Special Scheme.

For Resident Customers, at maturity SDA funds will be credited to a LKR Account or Customer's own account overseas. No transfers to PFCA or BFCA Accounts are permitted on maturity.

13. Can I early/prematurely uplift my SDA if I require?

As the objective of this Special Scheme is to attract and retain funds remitted from overseas over a longer period in Sri Lanka, premature withdrawals before 6 months are discouraged and can be entertained during 6 to 12 months of maturities adhering to the normal banking practice for premature withdrawals.

Further, such premature withdrawals after 6 months of the deposit will be treated as a normal deposit of the Bank and will not be eligible for the additional interest and any concessions/exemptions granted under this deposit scheme. However, they will be entitled to the additional interest applicable for 6 months for already completed minimum tenure of 6 months

14. What can I do to my SDA funds at the maturity of the FD?

There are three options:

- a) Outward remittances of maturity proceeds to an account in the name of the account holder [The maturity proceeds are also remittable through another Bank subject to obtaining the required confirmations of receipt of funds under Direction No 04 of 2020] Outward remittances for Sri Lankan residents are permitted to their accounts outside Sri Lanka subject to such resident being permitted to hold such account outside Sri Lanka
- b) Transfer of maturity proceeds of the SDA Fixed Deposit to an IIA or FCBU maintained by the same accountholder for non-residents.

Non Residents and Non Nationals (irrespective of residential status) can on maturity transfer funds through the IIA or FCBU Accounts

- c) Disbursements in Sri Lanka in Sri Lanka Rupees.

15. If I am a Sri Lankan Resident, do I need to have a Bank Account overseas in my name to obtain the maturity proceeds of my SDA?

You have two options to obtain the maturity proceeds:

a) Outward remittance of the maturity proceeds to an Account maintained by you overseas, if you are permitted to hold such account outside Sri Lanka

b) If a Sri Lankan Resident does not have an account overseas to which funds can be transferred then such person will have to draw down funds in LKR in Sri Lanka

16. Can I re-invest the LKR funds I get (as in 14.c) above) again in SDA FD?

No. You cannot. Once withdrawn, funds cannot be credited to SDA.

17. Can I use the maturity proceeds disbursed in Sri Lanka in Sri Lanka Rupees for any purpose?

Account holder may utilize such funds for their expenses in Sri Lanka including gifts. However, such funds cannot be credited back to SDAs as clearly specified in the SDA direction.

18. Can I transfer the maturity proceeds to a third party account holder?

No. You cannot. However, if the maturity proceeds are disbursed in Sri Lanka in LKR, you may utilize such funds for your expenses including gifts.

19. I am a new-to-the-Bank party interested in the SDA Product. Due to lockdowns in place in our country, we face difficulties in meeting some of the procedural requirements of the Bank such as attestations by a Notary or the Sri Lankan embassy in their country of residence. Can these requirements be exempted?

The concessions/exemptions applicable to the scheme are only those mentioned in the relevant regulations and directions in compliance with the provisions of the FEA.

AML/KYC regulations have not been addressed in the SDA Gazette and hence these AML/KYC requirements will need to be met.

20. I am a student studying abroad and planning to come back to Sri Lanka. How can I open the SDA?

Any Sri Lankan individual resident in or outside Sri Lanka is eligible to open SDA. However funds should be remitted as an Inward remittance through banking system during the six months period commencing 8th April 2020.