



DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA

DIRECTIONS No. 03 OF 2021 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions issued to Authorized Dealers on Electronic Fund Transfer Cards (EFTCs)

In terms of Section 9 of the Foreign Exchange Act, No. 12 of 2017 (the FEA) read with Sections 5, 6 and 7 of the FEA, Authorized Dealers (ADs) are permitted to issue EFTCs to persons in, or resident in Sri Lanka for making payments in foreign exchange to persons resident outside Sri Lanka, subject to the following.

2. ADs shall ensure that EFTCs issued to persons in, or resident in Sri Lanka (hereinafter referred to as “card holders”) may be used for making payments to persons resident outside Sri Lanka only in respect of current transactions of personal nature other than for the use of payments for purposes specified in Paragraph 10.1 of these Directions.

3. In addition, ADs are also permitted to issue **Debit Cards** to the following persons against funds held in the respective accounts of such cardholders.
 - (a) A person resident in Sri Lanka who has proceeded outside Sri Lanka temporarily for business, education or medical purposes
 - (b) A holder of a Business Foreign Currency Account (BFCA)
 - (c) A holder of a Personal Foreign Currency Account (PFCA)
 - (d) A holder of a Diplomatic Foreign Currency Account (DFCA) or a Diplomatic Rupee Account (DRA)
 - (e) A holder of an Inward Investment Account (IIA)
 - (f) A holder of a Capital Transaction Rupee Account (CTRA)
 - (g) A holder of an Emigrant’s Remittable Income Account (ERIA)
 - (h) A holder of a Non-Resident Rupee Account (NRRA)
 - (i) A holder of a Resident Guest Rupee Current Account (RGRCA)
 - (j) A holder of a Senior Foreign Nationals’ Rupee Account (SFNRA)



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4. ADs may issue **Credit Cards** to the following persons, upon implementing necessary internal controls and mechanisms to mitigate the credit risk.
- (a) To foreign citizens who hold diplomatic passports and/or diplomatic identity cards issued by the Ministry of Foreign Affairs in Sri Lanka.
 - (b) To persons resident outside Sri Lanka only up to a limit of 90% of funds available in the foreign currency accounts in Sri Lanka of such person held as collateral/ security; where settlement of expenditure incurred on such credit cards shall be settled through inward remittances from abroad, with funds held in the foreign currency accounts or from ERIA, if available.
 - (c) To Sri Lankans who have obtained dual citizenship in Sri Lanka and in any other country while being a resident in Sri Lanka subject to the expenditure incurred on such credit cards shall be settled through inward remittances from abroad, with funds held in the foreign currency accounts or in ERIA (if available) or from Sri Lanka Rupee earnings of the card holder.
5. ADs shall ensure that **EFTCs** issued to card holders specified in Paragraphs 3. and 4. of these Directions shall be used subject to the following.
- (a) Any payment in Sri Lanka Rupees, in Sri Lanka is permitted other than for the use of payments for investments in Sri Lanka;
 - (b) Any payment to a person resident outside Sri Lanka for any purpose is freely permitted, where an EFTC is issued to a;
 - (i). A holder of a PFCA being a person resident outside Sri Lanka
 - (ii). A holder of a DFCA
 - (iii). A holder of an IIA
 - (iv). A holder of an ERIA
 - (c) Any payment to a person resident outside Sri Lanka for a current transaction of personal nature is permitted (other than for the use of payments for purposes specified in Paragraph 10.1 of these Directions), where an EFTC is issued to a;
 - (i). A holder of a BFCA
 - (ii). A holder of a PFCA being a person resident in Sri Lanka
 - (iii). A person resident in Sri Lanka who has proceeded outside Sri Lanka temporarily for business, education or medical purposes



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- (iv). A holder of a NRRA being a firm or a company established/ incorporated outside Sri Lanka
 - (v). A holder of a DRA
 - (vi). A holder of a RGRCA
 - (vii). A holder of a SFNRA
- (d) Any payment to a person resident outside Sri Lanka for a capital transaction of the holder of the EFTC is permitted, where such card is issued to a;
- (i). A holder of a BFCA
 - (ii). A holder of a PFCA being a person resident in Sri Lanka
6. ADs may issue EFTCs to companies/ institutions incorporated or registered in Sri Lanka (i.e., corporates), in the names of designated employees or directors of such corporates who are persons resident in Sri Lanka, as per an approved internal procedure for making any payment in foreign exchange related to current transactions of such corporate other than for the use of payments for purposes specified in Paragraph 10.1 below.
7. ADs shall issue EFTCs to persons in, or residents in Sri Lanka subject to the condition that, if the cardholder migrates or leaves Sri Lanka for permanent residence or employment abroad, the card issued to such person in Sri Lanka shall be surrendered to the card issuing bank, except in the event that an EFTC is issued for making settlements in foreign exchange against funds held in the BFCAs, PFCAs, DFCAs, DRAs, IIAs, ERAs or on the basis that outstanding amounts are settled through inward remittances.
8. ADs shall make aware cardholders to keep evidence up to the statutory record keeping requirement in respect of withdrawal of foreign currencies using a debit card or obtaining cash advance through a credit card, that such currencies have been utilized for the transactions permitted under these Directions.
9. ADs shall direct cardholders to seek prior written permission of the Director-Department of Foreign Exchange, for any payment to a person resident outside Sri Lanka through an EFTC for any purpose which falls outside the purview of these Directions.



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10. Other Conditions

- 10.1 ADs shall ensure that EFTCs issued to cardholders shall not be used for the following:
- a. Dealings in foreign exchange (Forex Trading);
 - b. Payments related to virtual currency transactions;
 - c. Payments related to betting, gaming and gambling activities outside Sri Lanka;
 - d. Payments for import of goods to Sri Lanka for commercial purpose subject to the Regulations and Operating Instructions issued under the Import and Export (Control) Act, No. 01 of 1969 and any amendments thereto.
- 10.2 ADs shall apprise and communicate prevailing regulations on EFTCs in these Directions to the card holder in writing (electronically or in document form) in a preferred language of communication and obtain a declaration from such card holder as per the **Annex I** at the time of issuance of EFTCs.
- 10.3 ADs shall ensure that only permitted transactions as specified in these Directions are carried out by cardholders using EFTCs.
- 10.4 ADs shall exercise due diligence and take immediate actions to suspend payments/cash withdrawals in foreign exchange from EFTCs and bring the matter to the attention of Director - Department of Foreign Exchange, if reasonable grounds exist to suspect that any cardholder makes payments/cash withdrawals in foreign exchange for purposes not permitted by these Directions.
- 10.5 ADs shall identify each cardholder's transactions in foreign exchange and in Sri Lanka Rupees, separately.
- 10.6 ADs shall not issue EFTCs as supplementary cards to persons resident outside Sri Lanka unless where the primary card holders are also persons resident outside Sri Lanka. Issuance and usage of supplementary cards shall be subject to the terms and conditions set out in these Directions.
- 10.7 ADs shall at all times verify and take appropriate measures in accordance with these Directions in respect of change in the residential status of the card holders who have proceeded outside Sri Lanka for working abroad or for educational purposes.
- 10.8 The EFTCs already issued under the provisions of the repealed Exchange Control Act, shall be subject to the terms and conditions set out in these Directions.



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11. Monthly Reporting - ADs shall submit details of all transactions irrespective of value in respect of cardholders who have made payments in foreign exchange, inclusive of cash withdrawals in foreign currency, to the Director-Department of Foreign Exchange only electronically through the Foreign Exchange Transactions Monitoring System – FOREX Net on monthly basis.

12. ADs shall retain any information or documentation relating to issuance and renewal of EFTCs including **Annex I** and **Annex II** hereof, for a period of six years or up to the statutory record keeping period whichever is longer, for verification by the Central Bank of Sri Lanka.

13. For the purposes of these Directions

- (i). **“Electronic Fund Transfer Card (EFTC)”** shall mean, a card or a device that enables the user to transfer value in credit, debit or any other form and includes credit cards, debit cards and stored value cards where transaction details could be identified by the ADs for the purposes of being compliant with the provisions of the FEA;
- (ii). **“Debit Card”** shall mean, a payment card that may be used to withdraw cash and/or execute payments for purchase of goods and services, by directly debiting from the credit balance of the cardholder’s account;
- (iii). **“Credit Card”** shall mean, a payment card which involves a line of credit granted by the issuer to the card holder, where the credit utilized can be settled in full or in part on or before a specified date. The issuer may charge interest or other charges on any amount not settled on the specified date;
- (iv). **“Personal nature”** shall mean, only for the use of the holder of the card, spouse, children and parents;
- (v). **“Current transactions”** shall have the same meaning as in the Foreign Exchange Act, No. 12 of 2017;
- (vi). **“Capital transactions”** shall have the same meaning as in the Foreign Exchange Act, No. 12 of 2017;
- (vii) **“Virtual currency”** is a digital representation of value that can be digitally traded and functions as a medium of exchange; and/or a unit of account; and/or a store of value,



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but does not have legal tender status in any jurisdiction and is not issued nor guaranteed by any jurisdiction;

(viii) **“Persons residents in Sri Lanka”** shall be determined in terms of the Order issued under Section 31 of the Foreign Exchange Act, No. 12 of 2017.

- 14.** Directions No. 02 of 2017 dated 20 November 2017 issued to ADs specifying requirements related to issuance of EFTCs to persons in or resident in Sri Lanka, are hereby rescinded.
- 15.** The revocation of previous Directions referred to in Paragraph 14. above shall not affect any rights accrued on or penalties or liabilities incurred, under them prior to the revocation.
- 16.** Nothing permitted by these Directions shall be construed as exempting, absolving or preventing ADs or any person dealing in foreign exchange under these Directions, from the requirement to comply with the provisions of any other law.
- 17.** These Directions shall come into operation with effect from **22 March 2021**.

Director-Department of Foreign Exchange

18 March 2021



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Annex I to the Directions No. 03 of 2021

(To be included in the Electronic Fund Transfer Card (EFTC) application or EFTC agreement that the cardholder/s enter/s into with the bank)

CENTRAL BANK OF SRI LANKA

Declaration by the Applicant/s for Electronic Fund Transfer Cards

To: Director-Department of Foreign Exchange

(To be filled by the Applicant/s to obtain foreign exchange against Credit/Debit or any other Electronic Fund Transfer Card)

I/We..... (Primary/Supplementary Cardholder), (Primary/ Supplementary Cardholder) declare that all details given above by me/us on this form are true and correct.

I/We hereby confirm that I/ We am/ are aware of the terms and conditions applicable for the use of Electronic Fund Transfer Cards (EFTCs) as detailed in the **Directions No. 03 of 2021 dated 18 March 2021 (Annexed)** issued under the provisions of the **Foreign Exchange Act, No. 12 of 2017** (the FEA) subject to which the card may be used for transactions in foreign exchange and I/We hereby undertake to abide by the said conditions.

I/ We further agree to provide any information on transactions carried out by me/ us in foreign exchange on the card issued to me/us as.....(bank) may require for the purpose of the FEA.

I/ We am/ are aware that the bank is required to suspend availability of foreign exchange on EFTC if reasonable grounds exist to suspect that foreign exchange transactions which are not permitted in terms of the annexed Directions issued under the provisions of the FEA are being carried out on the EFTC issued to me/us and to report the matter to the Director - Department of Foreign Exchange.

I/ We also affirm that I/ We undertake to surrender the EFTCs to the bank, if I/ We migrate or leave Sri Lanka for permanent residence or employment abroad, as applicable. **Further, I/we also agreed to notify my/our change in residential status to the bank, if any, accordingly.**

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Signature of the Primary Cardholder

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Signature of the Supplementary Cardholder



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Annex II to the Directions No. 03 of 2021

(To be filled by the Authorized Officer on behalf of(bank) when issuing/ authorizing Electronic Fund Transfer Cards to eligible persons)

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Declaration by the Authorized Dealer for Electronic Fund Transfer Cards

To: Director - Department of Foreign Exchange

I, as the Authorized Officer of the bank have carefully examined the information together with relevant documents given by the applicant/s and satisfied with the bona-fide of these information and documents. Further, I as the Authorized Officer of the bank undertake at all times, to exercise due diligence on the transactions carried out by the cardholder on his/ her EFTC in foreign exchange and to suspend the availability of foreign exchange on the EFTC if reasonable grounds exist to suspect that foreign exchange transactions which are not permitted in terms of **Directions No. 03 of 2021 dated 18 March 2021** issued under the provisions of the **Foreign Exchange Act, No. 12 of 2017** are being carried out on the EFTC, in violation of the undertaking given by the card holders and to **bring the matter to the attention of the Director - Department of Foreign Exchange.**

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Signature of the Authorized Officer