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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477418

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

Issued By Department of Supervision of Non-Bank Financial Institutions

Date 13th July 2020

Suspension of Business of “ETI Finance Ltd and Swarnamahahal Financial Services PLC”

The Monetary Board (MB) of the Central Bank of Sri Lanka (CBSL) at its meeting held on 10th July 2020 has decided to suspend business of ETI Finance Ltd (ETIF) and Swarnamahahal Financial Services PLC (SFSP), in terms of Section 31 of the Finance Business Act, No. 42 of 2011 (FBA) with effect from 13th July 2020.

ETIF and SFSP have become insolvent due to various irregularities taken place, since 2011. Due to the inability of Board of Directors and Senior Management of the respective companies to satisfactorily address the said deficiencies, the MB on 02nd January 2018 issued Directions restricting the affairs of the Companies and the powers of the Board of Directors of the two Companies. A Panel of Management was also appointed by the MB to oversee the affairs of both Companies.

During the subsequent period both Companies were able to repay 30% of the deposits outstanding of each Company through various measures. Even though the MB directed the Board of Directors of both Companies to find suitable investors to revive the Companies, no viable proposal did materialize. Due to the inability to revive the Companies successfully the financial situation of both Companies continued to deteriorate.

As a result, both ETIF and SFSP are currently not in a position to repay the deposits by themselves, irrespective of such deposits being matured.

However, with the suspension of business of ETIF and SFSP the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) of the CBSL will take necessary actions to pay compensation to the insured depositors under the applicable laws and regulations which would facilitate to settle;

1. 75% of the ETIF's total depositors in full (28,554 depositors out of 38,111 total depositors), while each of the remaining 25% depositors (9,557 depositors) will also receive Rs.600,000/- as a part of their deposit amount, and
2. 89% of the SFSP's total depositors in full (7,802 depositors out of 8,726 total depositors), while each of the remaining 11% depositors (924 depositors) will also receive Rs.600,000/- as a part of their deposit amount.

Further, the Director of the Department of Supervision of Non-Bank Financial Institutions of the CBSL decided to issue notices of suspension of Certificate of Registration of ETIF and SFSP as Registered Finance Leasing Establishments in terms of Section 9(1) of the Finance Leasing Act No. 56 of 2000 with effect from 13th July 2020.

Accordingly, CBSL will inform further actions with respect to ETIF and SFSP in due course.

For further clarifications;

Institution	Purpose	Telephone Numbers	Email addresses
Department of Supervision of Non-Bank Financial Institutions	Suspension of business	011 2477229 011 2477504	snbfi_query@cbsl.lk
Resolution and Enforcement Department	Payment of compensation under SLDILSS	011 2398788 011 2477261	dred@cbsl.lk
ETI Finance Ltd	All inquiries regarding deposits, advances and other facilities	011 7534200	info@eti.lk
Swarnamahahal Financial Services PLC		011 7534800	info@sfs.lk