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இலங்கை மத்திய வங்கி  
**CENTRAL BANK OF SRI LANKA**

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வங்கி மேற்பார்வைத் திணைக்களம்  
**BANK SUPERVISION DEPARTMENT**

අංක 30, ජනாධிபதி மாவட்ட, கோழுநகர் 01, ஷ්‍රී ලංකාව  
இல. 30, சனாதிபதி மாவட்டதை, கெழுமும்பு - 01, இலங்கை  
**No. 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka**

Ref: 02/17/500/0162/003

30 August 2024

**To: Chief Executive Officers of Licensed Commercial Banks  
and Licensed Specialised Banks**

**National Definition for Women owned/led Business in Sri Lanka**

Reference our previous e-mail dated 20.03.2023 on the Classification of Micro, Small and Medium Enterprises (MSMEs) Credit Facilities to be reported by licensed banks and the guidelines for MSME and gender-wise classifications.

The Ministry of Finance, Economic Stabilization and National Policies, in consultation with the relevant stakeholders, i.e. relevant government institutions, the Central Bank of Sri Lanka (CBSL), financial institutions and non-financial institutions and in line with international best practices, has developed a national definition for ‘Women-owned/led Business’, as stated in “Annex I - Guideline for Gender-wise Classification”.

We hereby request licensed banks to use the new definition at Annex I on women entrepreneurs when submitting data on credit facilities to MSMEs, effective from 4<sup>th</sup> Quarter of 2024 (FinNet Return: BSD-QF-22-MSME). Accordingly, the definition for Gender-wise Classification indicated in the previous Guideline sent via e-mail dated 20.03.2023 has been replaced with the Guideline enclosed in Annex I.

Yours faithfully

**Director of Bank Supervision**

*Encl: Annex I - Guideline for Gender-wise Classification*

**National Definition for Women owned/ led Business in Sri Lanka**  
**Guideline for Gender-wise Classification**

**Gender-wise Classification**

**1. Woman-owned/ led Business**

A business qualifies as a woman-owned/ led business if it meets the following criteria:

- a) >50% owned by females,  
or
- b) >=20% owned by females, and
  - i. Has >=1 female as a major decision-maker; and
  - ii. Has >=30% of the Board of Directors comprising of females, where a Board exists.

The parameters required to identify and categorize women-owned/ led businesses as per the above definition are given in *Appendix A* of this Guideline.

**2. Man-owned/ led Business**

A business qualifies as a man-owned/ led business if it meets the following criteria:

>50% owned by males, excluding any situation that meets the criteria No. 1.b) above.

**3. Other**

Any business which cannot be identified as woman-owned/ led business or man-owned/ led business due to lack of required data shall be reported under “other” category.

## **Appendix A**

### **Parameters for Reporting of Gender-Disaggregated Data**

To ensure consistency and reliability of the collection and reporting of gender-disaggregated data with regard to the identification and categorization of women-owned/ led businesses as per the definition given in Annex I, the following parameters are provided.

#### **A. Ownership**

“Ownership” refers to legal responsibility/ownership and/or fiduciary responsibility for the business.

#### **Evidenced by verifiable proof of business ownership**

Type of Business	Proof of Ownership	Owner(s)	Percentage of Ownership
Limited liability company (LLC)	Certificate of Incorporation issued by the Registrar of Companies (ROC).	Names of shareholders as indicated in Form 15 “Annual Return of a Company” and Form 6 “Notice of Issue of Shares”, issued by ROC.	Based on percentage of shares as indicated in Form 15 and Form 6.
Sole proprietorship	Certificate of Registration of Business Name of an Individual Business issued by the Divisional Secretariat.	Name of owner as indicated in Certificate of Registration of Business Name of an Individual Business.	100% ownership.
Partnership	Certificate of Registration of Business Name of a Partnership Business issued by the Divisional Secretariat.	Names of partners as indicated in Partnership Agreement (PA).	Based on either: <ul style="list-style-type: none"><li>• Percentage of shares as indicated in PA, Or</li><li>• If no indication of percentage, equal ownership among all partners.</li></ul>
Cooperative society	Certificate of Registration issued by the Commissioner of Cooperative Development.	Names of members as indicated in Membership Register.	Based on percentage of membership as indicated in Membership Register.

**B. Major Decision Maker**

“Major decision maker” refers to an individual within the business who has decision making power for the business concern.

**Evidenced by verifiable proof of major decision maker**

Type of Business	Major decision maker
Limited liability company (LLC)	Individual in the position of either: <ul style="list-style-type: none"> <li>• Chief Executive Officer (CEO), Or</li> <li>• Chief Operating Officer (COO), Or</li> <li>• Chief Financial Officer (CFO).</li> </ul>
Sole proprietorship	Owner
Partnership	Individual who has influence in the day-to-day decision-making of the business, evidenced by demonstrated knowledge of the following aspects of the business <sup>1</sup> : <ul style="list-style-type: none"> <li>• Product branding, positioning, target customers and market segmentation; and</li> <li>• Pricing strategies being adopted; and</li> <li>• Inventory management policies and processes being adopted; and</li> <li>• Key staffing requirements, selection and recruitment process, staff training and development.</li> </ul>
Cooperative society	Individual in the position of either: <ul style="list-style-type: none"> <li>• Chairman,</li> <li>Or</li> <li>• Secretary,</li> <li>Or</li> <li>• Treasurer.</li> </ul>

**C. Other parameters to identify woman-owned/led businesses**

In addition to the key considerations of ownership and decision-making, in cases where formal ownership cannot be established, additional parameters relating to control over the business and engagement in business operations, may be included. It is anticipated that these parameters would facilitate towards the identification and classification of woman-

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<sup>1</sup> Assessment on the basis of field observation and responses to probing questions.

led businesses, where the female is the major decision maker who controls and operates the business.

#### **Other parameters to identify woman-owned/led businesses**

<b>Parameter</b>	<b>Description</b>	<b>Evidenced by</b>
Control	<ul style="list-style-type: none"> <li>• A woman has ownership, access and decision-making power over the physical and/ or financial resources of the business or beneficial ownership of the business;</li> <li>And</li> <li>• Observable involvement of female in processes and procedures that guide, promote and ensure business continuity.</li> </ul>	<ul style="list-style-type: none"> <li>• Registered under a woman's name with a relevant government institution<sup>2</sup>,</li> <li>Or</li> <li>• Loan facility taken by female for business purposes from a licensed bank, licensed finance company or a licensed microfinance institution under the supervision of the Central Bank of Sri Lanka.</li> </ul>
Major decision maker	Female has influence in the day-to-day decision-making of the business.	<p>Demonstrated knowledge of women in the following aspects of the business<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>• Product branding, positioning, target customers and market segmentation.</li> <li>• Pricing strategies being adopted.</li> <li>• Inventory management policies and processes being adopted.</li> <li>• Key staffing requirements, selection and recruitment process, staff training and development.</li> </ul>
Operate	Observable engagement of women in key functions of production, marketing or financial operations of the business.	<ul style="list-style-type: none"> <li>• Key business assets registered under a woman's name (such as business premises deed of ownership or lease agreement, business vehicle lease agreement, etc.).</li> <li>• Bank account utilized for business transactions and proceeds under own name.</li> <li>• Purchase orders for raw materials or movable assets and/ or sales invoices</li> </ul>

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<sup>2</sup> It is suggested to compile a list of government institutions issuing industry licenses and offering business development support, with a standardized format for data collection from each institution.

<sup>3</sup> Assessment on the basis of field observation and responses to probing questions.

<b>Parameter</b>	<b>Description</b>	<b>Evidenced by</b>
		<p>issued to a LLC under a woman's name and with corresponding bank account transactions.</p> <ul style="list-style-type: none"> <li>• Demonstrated knowledge of the following aspects of the business<sup>4</sup>: <ul style="list-style-type: none"> <li>▪ Specifications and quality of raw materials and/ or inputs being used in the business.</li> <li>▪ Inventory levels and value.</li> <li>▪ Key suppliers and customers of the business.</li> <li>▪ Average monthly turnover, volumes and prices.</li> </ul> </li> <li>• Demonstrated command over the core skills required to perform the key functions of the business<sup>5</sup>.</li> <li>• Indication of having founded and/ or launched the business: <ul style="list-style-type: none"> <li>▪ Having invested startup capital<sup>6</sup>.</li> <li>▪ Possessing a clear and focused vision for the business<sup>7</sup>.</li> </ul> </li> <li>• Indication of having sustained and continuous engagement in business activity for a period of more than 1 year<sup>8</sup>.</li> <li>• Indication of being engaged for a minimum of 50% of the total business operating hours, on an ongoing basis<sup>9</sup>.</li> </ul>

<sup>4</sup> Assessment on the basis of field observation and responses to probing questions.

<sup>5</sup> Preferably with supporting documentation e.g., certificates of training participation/ completion in related fields of work.

<sup>6</sup> Preferably with supporting documentation e.g., bank statements.

<sup>7</sup> Assessment on the basis of field observation and responses to probing questions.

<sup>8</sup> Preferably with supporting documentation e.g., utility bills, lease/ rental agreements or issued business licenses.

<sup>9</sup> Assessment on the basis of field observation and responses to probing questions.