



CENTRAL BANK OF SRI LANKA

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GUIDELINES FOR THE ESTABLISHMENT OF MOBILE BANKING UNITS OF LICENSED COMMERCIAL BANKS

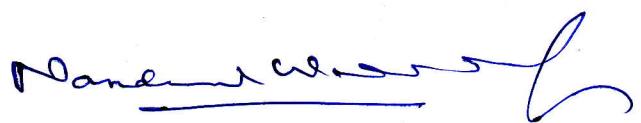
The Central Bank of Sri Lanka, with a view to strengthening the process and adopting a uniform practice among licensed commercial banks (LCBs) in establishing Mobile Banking Units (MBUs), hereby issues this Circular on Guidelines for the establishment of MBUs of LCBs.

1. Empowerment In terms of Section 13A(1) of the Banking Act, No.30 of 1988, as amended, the Deputy Governor may on guidelines issued by the Central Bank of Sri Lanka for such purpose, grant approval for the establishment of MBUs, subject to such terms and conditions as he may determine, from time to time.

2. Mobile Banking Units An MBU includes the following:
 - a) Banking services carried out in vehicles in different locations;
 - b) Barefoot banking, i.e., bank officers visiting customers outside the bank premises and transacting business with them;
 - c) Banking services carried out by a unit of LCBs on a few days of the week (not on all working days) in a permanent place with staff attached to a branch of LCB, who visit the unit to transact business; and
 - d) Banking services carried out on an ad-hoc basis at temporary outlets operated at public places such as temples, schools, carnivals, exhibitions, conferences, etc.

3. Governance and Risk Management Framework
- a) The operations of MBUs are required to be governed by the Board approved framework/operating guidelines.
 - b) Such framework/operating guidelines, at a minimum, shall cover the following aspects:
 - (i) Scope of activities;
 - (ii) Limits structure for deposits and withdrawals through MBUs;
 - (iii) Procedures for recording, reporting and accounting of MBU operations;
 - (iv) Necessary internal controls when accessing the systems, books and records to facilitate MBU operations;
 - (v) Applicable physical and functional segregation of functions at MBU;
 - (vi) Assigning the branch responsible for MBU operations;
 - (vii) Compliance with the Customer Charter of licensed banks;
 - (viii) Procedure for logistic arrangements and prior approval from the relevant authorities, if necessary;
 - (ix) Security arrangements/insurance requirements; and
 - (x) Reporting to the management (frequency, activities, progress, concerns, etc.).
4. Permissible Activities
- a) Accepting deposits from existing customers and effecting withdrawals from accounts, including transactions made through Self Service Machines;
 - b) Account opening subject to compliance with applicable legal and regulatory requirements (Rules and regulations relating to Know Your Customer and Customer Due Diligence, etc.);
 - c) Accepting loan/credit card applications and receiving loan repayment instalments/credit card payments;

- d) Conducting promotions/canvassing of banking products;
 - e) Onboarding of existing customers to digital channels;
 - f) Facilitating utility payments;
 - g) Offering services of an advisory nature; and
 - h) Providing any other services that are incidental or consequential to the above that the Deputy Governor may authorize an MBU to engage in.
5. Prior Approval to Conduct MBU Activities
- a) LCBs that intend to carry out mobile banking activities during the upcoming quarter are required to submit the duly completed application (BSD-MBU-01) to the Director of Bank Supervision (DBS) on a quarterly basis, 15 working days prior to the commencement of such quarter.
 - b) The application should be submitted with a cover letter signed by the Chief Executive Officer/Chief Operating Officer/Deputy Chief Executive Officer/relevant Deputy General Manager.
6. General Requirements
- a) An MBU is required to incorporate the accounts of the Unit in the general ledger of the branch to which it is affiliated on a real time basis except MBUs established at schools for students; and
 - b) An MBU is required to clearly display the name of the bank and the branch to which it is affiliated at the location where it conducts the mobile banking activities, including on the vehicle, as the case may be, in all three languages.



Dr. P Nandalal Weerasinghe
*Chairman of the Governing Board and
Governor of the Central Bank of Sri Lanka*

**Application Form for Operating a Mobile Banking Unit
of a Licensed Commercial Bank**

1. Name of the licensed commercial bank		
2. Place of operating the MBU/Name of the Event		
3. Reasons for establishing/operating the MBU		
4. Type of MBU [e.g., mobile banking vehicle (specify the details of the vehicle)/visiting customer outside the bank premises/a unit which is operated in a permanent place on a few days of the week/banking services carried out on an ad hoc basis at temporary outlets operated at public places such as carnivals, exhibitions, conferences/other (please specify)]		
5. Dates/period/business hours of the proposed MBU		
6. The branch to which the MBU is affiliated		
7. Approval obtained (Board/Chief Executive Officer)		
8. Details of staff assigned to the MBU (number and designations)		
9. Services offered by the MBU		
10. Whether the following self-service machines will be used by the MBU	(a) Automated Teller Machine	(Yes/No)
	(b) Cash Deposit Machine	(Yes/No)
	(c) Cash Recycler Machine	(Yes/No)
	(d) KIOSK	(Yes/No)
	(e) Others (specify)	(Yes/No)
11. Security arrangements (for on-site and cash in transit)		
12. Whether an insurance cover has been obtained	(Yes/No)	
13. The communication system between the MBU and the branch to which the unit is attached		
14. Whether the customer accounts are updated on real time basis (if not, please specify)		
15. Availability of approved internal framework/guidelines		
16. Additional comments/justifications, if any		