



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

CREDIT INFORMATION BUREAU
OF SRI LANKA

ACT, No. 18 OF 1990

[Certified on 8th May, 1990]

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Credit Information Bureau of Sri Lanka Act, No. 18 of 1990
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AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE CREDIT INFORMATION BUREAU OF SRI LANKA FOR THE COLLECTION OF CREDIT INFORMATION RELATING TO BORROWERS FROM LENDING INSTITUTIONS AND FOR THE PROVISION OF SUCH INFORMATION TO THE SHAREHOLDERS OF THE BUREAU, WITH A VIEW TO FACILITATING THE DISTRIBUTION OF CREDIT TO ALL SECTORS OF THE ECONOMY AND TO THE INFORMAL SECTOR, IN PARTICULAR; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THEREUTO.

1. This Act may be cited as the Credit Information Bureau of Sri Lanka Act, No 18 of 1990, and shall come into operation on such date as the Minister may appoint by Order published in the Gazette.

Short
title and
date of
operation.

PART I

ESTABLISHMENT OF THE CREDIT INFORMATION BUREAU OF SRI LANKA

2. There shall be established a Bureau which shall be called the "Credit Information Bureau of Sri Lanka" (hereinafter referred to as the "Bureau") consisting of the persons who are shareholders thereof of the Bureau.

Establishment of the Credit Information Bureau of Sri Lanka.

3. The Bureau shall, by the name assigned to it by section 2, be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Bureau to be a body corporate.

4. The Head Office of the Bureau shall be located in Colombo. Such branch offices and agents of the Bureau as the Board of Directors may consider necessary may be established in places in Sri Lanka, other than in Colombo.

Head Office, branch offices, and agents of the Bureau.

5. (1) The administration and management of the affairs of the Bureau shall be vested in the Board of Directors (hereinafter referred to as the "Board") consisting of—

Board of Directors.

(i) a Deputy Governor of the Central Bank nominated by the Monetary Board who shall be the Chairman of the Board;

(ii) a senior officer of the Central Bank nominated by the Monetary Board;

- (iii) a senior officer of the Bank of Ceylon nominated by the Board of Directors of the Bank of Ceylon ;
- (iv) a senior officer of the People's Bank nominated by the Board of Directors of the People's Bank ;
- (v) two persons elected by the shareholding licensed commercial banks, other than the Bank of Ceylon, and the People's Bank ;
- (vi) a person elected by the shareholding finance companies ;
- (vii) a person nominated by the Minister in charge of the subject of Finance from the Boards of Directors of the National Development Bank, National Savings Bank, Development Finance Corporation of Ceylon and the State Mortgage and Investment Bank ;
- (viii) the person holding the office of the General Manager of the Bureau.

(2) The provisions of the Schedule to this Act shall have effect in relation to the term of office of the Directors of the Bureau, and the remuneration payable to such Directors, meetings and the seal of the Bureau.

(3) The Board shall exercise, perform, and discharge all powers, duties and functions conferred or imposed on, or assigned to, the Bureau by this Act.

**Functions
of the
Bureau.**

6. The functions of the Bureau shall be to collect and collate, trade, credit and financial information on borrowers and prospective borrowers of lending institutions and to provide credit information, on request, to shareholders of the Bureau which are lending institutions, with a view to facilitating the distribution of credit to all sectors of the economy and to the informal sector, in particular.

**Powers
and
duties of
the Bureau.**

7. In discharging its functions, the Bureau may exercise and perform all or any of the following powers and duties :—

- (a) to maintain a data bank on borrowers from lending institutions ;
- (b) to collect and collate trade, credit and financial information on borrowers or prospective borrowers of lending institutions ;
- (c) to store the information so collected ;
- (d) to furnish credit information, on request and in confidence, to shareholders of the Bureau and to prescribe the forms in which such information is to be furnished ;

- (e) to levy such fees as it may deem necessary for furnishing credit information ;
- (f) to acquire and to hold, any movable or immovable property, and to lease, mortgage, sell or otherwise dispose of, such property ;
- (g) to open and close current and deposit accounts in any commercial bank ;
- (h) to appoint a General Manager who shall be the Chief Executive Officer of the Bureau ;
- (i) to appoint such other officers and servants as may be necessary for carrying out the work of the Bureau ;
- (j) to establish pension and provident fund and provide welfare and recreational facilities, houses, hostels and other like accommodation, to persons employed by the Bureau ;
- (k) to determine the remuneration payable to the officers and servants so appointed ;
- (l) to pay such remuneration out of the Fund of the Bureau ;
- (m) to enter into and perform, all such contracts, whether in or outside Sri Lanka, as may be necessary for the exercise of the powers and the performance of the duties of the Bureau ;
- (n) to make rules in respect of the administration of the affairs of the Bureau ;
- (o) generally to do all such other things as are necessary to facilitate the proper carrying on of the affairs of the Bureau.

8. The Board of Directors may appoint agents of the Bureau in any place in Sri Lanka. Agents.

PART II

FINANCE

9. (1) The authorised capital of the Bureau shall be hundred million rupees divided into one million shares of one hundred rupees each. Capital of Bureau.

(2) The issued capital of the Bureau shall be such amount as may be determined, from time to time, by the Board.

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Shares in
Bureau.

10. (1) No person other than the Monetary Board or a lending institution shall be entitled to purchase shares in the Bureau.

(2) The Monetary Board shall invite and receive applications for the initial issue of shares to the Bureau and shall on receipt of such applications, allot shares to the Monetary Board and lending institutions in the following proportions:—

Monetary Board —Fifty-one per centum of such
issued share capital;

Licensed Commercial —Thirty per centum of such
Banks issued share capital; and

Other lending institu —Nineteen per centum of such
tions issued share capital.

(3) No allotment or transfer of shares of the Bureau, after the initial issue of shares, shall be made except with the written approval of the Monetary Board.

(4) In granting approval for an allotment or transfer of shares under subsection (3), the Monetary Board shall endeavour to ensure that the proportions referred to in subsection (2) are maintained in the shareholding of the Bureau.

Liability of
share-
holders.

11. The liability of any shareholder shall be limited to the amount, if any, unpaid on his shares.

Borrowings
by
the Bureau.

12. (1) The Bureau may, from time to time borrow sums of money from the Central Bank for periods not exceeding six months, subject to such terms and conditions as to the interest thereon and the repayment thereof as may be determined by the Monetary Board.

(2) The aggregate borrowings by the Bureau under subsection (1) shall at no time exceed a sum equivalent to the paid-up capital of the Bureau.

13. The Board may establish such departments as may be necessary for the efficient discharge of the functions of the Bureau, including a department to deal with matters connected with informal sector of the economy.

Departments
of Bureau.

14. (1) The Bureau shall have its own fund (hereinafter referred to "the Fund").

Fund of
Bureau.

(2) There shall be paid into the Fund—

(a) all sums received by the Bureau as subscriptions to its capital;

(b) all sums received by the Bureau as profits on investments made by it;

(c) all sums received by the Bureau for services provided by it; and

(d) all sums received by the Bureau in the exercise, performance and discharge of its powers, duties and functions.

(3) There shall paid out of the Fund, all such sums as are required to defray the expenses incurred by the Bureau in the exercise, performance and discharge of its powers, duties and functions under this Act or under any other written law and all such sums as are required to be paid out of the Fund, by this Act.

15. Any moneys belonging to the Bureau may be invested by the Board in such manner as the Board may determine.

Investment
of moneys
of the
Bureau.

16. (1) The Board shall establish a general reserve fund for staff welfare to which shall be transferred such sums, from the net profits of the Bureau, as may be determined by the Board.

Reserves.

(2) The reserve fund for staff welfare shall be applied in such manner as the Board may determine for the provision of training, housing and welfare facilities to officers and servants of the Bureau.

(3) The Board shall establish reserve funds, for such other purposes as may be determined by the Board.

17. The financial year of the Bureau shall be the calendar year.

Financial
year of the
Bureau.

Audit.

18. (1) The Auditor-General shall audit the accounts of the Bureau at such intervals notwithstanding a period of 12 months as the Board of Directors may determine.

(2) The Auditor-General shall appoint a qualified auditor or auditors to audit the accounts of the Bureau and shall inform such auditor or auditors that he proposes to utilise his or their services for the performance and discharge of the Auditor-General's duties and functions in relation to the Bureau and thereupon such auditor or auditors shall act under the direction and control of the Auditor-General.

(3) Every qualified auditor appointed under the provisions of subsection (2) shall submit a report to the Auditor-General.

(4) The Auditor shall examine the accounts of the Bureau and ascertain the correctness of the balance sheet and report to the Board of Directors—

- (a) whether or not he has obtained all the information and explanations he has required; and
- (b) whether in his opinion the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the Bureau's affairs according to the best of his information and explanations given to him as shown by the books of the Bureau.

(5) For the purpose of ascertaining the correctness of the balance sheet the Auditor-General may, with the sanction of the Board of Directors accept in respect of any branch of the Bureau, any copies or abstracts from the books of accounts of such branch which have been transmitted to the Head Office of the Bureau and which have been certified to be correct by the officer of the Bureau authorized in that behalf by the Board of Directors.

(6) In this section qualified auditor means—

- (a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law and possesses a certificate to practice as an accountant issued by the Council of such institute; or
- (b) a firm of accountants each of the resident partners of which being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law possesses a certificate to practice as an accountant issued by the Council of such Institute.

19. (1) The Board of Directors shall on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister and all the shareholders:—

Documents to be transmitted to the Minister to be laid before Parliament.

- (a) the Auditor-General's report;
- (b) Balance Sheet;
- (c) Profit and Loss Account; and
- (d) report of the Chairman of such Board giving an account of the work of the Bureau.

(2) The Minister shall lay copies of the documents transmitted to him under subsection (1) before Parliament.

PART III

GENERAL

20. (1) The Board may delegate any of its powers, duties and functions under this Act to any officer of the Bureau.

Delegation of powers, duties and functions of the Board.

(2) Any officer to whom any power duty or function is delegated under subsection (1) shall exercise, perform and discharge, such power duty or function, subject to such directions as may be given to him by the Board.

(3) The Board shall notwithstanding any delegation made under subsection (1) have the power to exercise, perform and discharge the powers, duties and functions so delegated.

21. (1) The Bureau or any person authorized in that behalf by the Bureau may, by notice in writing, require any lending institution to furnish to the Bureau or to any person authorised by the Bureau, within such period as shall be specified in the notice, all such returns and information relating to the borrowers from such lending institution as shall be specified in such notice.

Returns and information.

(2) It shall be the duty of any lending institution required to furnish any return or information by a notice under subsection (1) to comply with the requirements of such notice within the time specified in such notice, notwithstanding any thing to the contrary, in any law establishing such lending institution or other law or in any agreement entered into between such lending institution and borrower.

(3) No information contained in a return furnished under subsection (1) in compliance with the requirements of a notice issued under this section shall be published or communicated by the Bureau to any other person except to a lending institution which is a share holder of the Bureau at the report of such shareholder or in the course of the discharge of the functions of the Bureau.

Right
to refuse.

22. (1) No Director or other officer or servant of the Bureau, shall, except for the purposes of this Act or when required to do so by any law, disclose any information furnished to the Bureau under this Act or produce before any Court or other institution, any return or other information furnished to the Bureau under this Act.

(2) No director, officer or servant employed in the business of any lending institution which is a share holder of the Bureau shall, except for the purposes of this Act or when required to do so by any law, disclose any information furnished to the Bureau under this Act or produce before any Court or other institution any return or other information furnished to the Bureau under this Act.

Declaration
of Secrecy.

23. (1) Every Director of the Bureau and all officers and servants of the Bureau, shall before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all matters connected with the affairs of the Bureau, and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the performance or discharge of his duties and functions except—

(a) when required to do so by a court of law or by any person or body of persons to whom such matters relate ; and

(b) in order to comply with any of the provisions of this Act.

(2) Every director, officer or servant employed in the business of any lending institution which is a shareholder of the Bureau shall sign a declaration pledging himself to observe strict secrecy in respect of credit or financial information obtained by such lending institution from the Bureau and all matters relating thereto, and shall by such declaration pledge himself not to reveal any such information or matter except—

(a) when required to do so—

- (i) by a court of law ;
- (ii) by the person to whom such information relates ;

(b) in order to comply with any provisions of this Act or any other law.

24. (1) No suit or prosecution shall lie—

- (a) against the Bureau, for any act which in good faith is done or purported to be done by the Board under this Act ; or
- (b) against any Director, officer, servant or agent of the Bureau for any act which in good faith is done or purported to be done by him under this Act, or on the direction of the Board.

Protection for action taken under this Act or on the direction of the Board.

(2) Any expenses incurred by the Bureau in any suit or prosecution brought by or against the Bureau before any court shall be paid out of the Fund and any costs paid to, or recovered by the Bureau in any such suit or prosecution shall be credited to the Fund.

(3) Any expenses incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or is purported to be done by him under this Act or on the direction of the Board shall, if the court holds that such act was done in good faith, be paid out of the Fund, to such person, unless such expense is recovered by him in such suit or prosecution.

25. No writ against person or property shall be issued against any Director of the Board in any action brought against the Bureau.

No writ to issue against person or property of a Director of the Bureau.

26. (1) The Board may make rules which are not inconsistent with the provisions of this Act, in respect of all or any of the matters in respect of which rules are authorised or required by this Act to be made.

Powers of Board to make rules.

(2) No rule made by the Board under subsection (1) shall have effect until it has been approved by the Minister, and notification of such approval is published in the *Gazette*.

Offences and
penalties.

27. (1) Every person who—

- (a) knowingly makes any false or incorrect statement in any return or information furnished by him in compliance with the requirements of a notice sent to him under section 21 ;
- (b) fails or refuses without reasonable cause to comply with the requirement of any notice sent to him under section 21 ;
- (c) contravenes the provisions of this Act or any rule made thereunder ;
- (d) being a Director, officer or servant of the Bureau, discloses any information obtained by him in or in connection with the exercise of his powers or the performance of his duties under this Act, to any person for any purpose other than a purpose for which he is authorized to disclose such information by this Act ;
- (e) being a director, officer or servant of any lending institution which is a shareholder of the Bureau discloses and credit or financial information obtained by such lending institution from the Bureau to any person for any purpose other than a purpose for which he is authorized to disclose such information by this Act ;

shall be guilty of an offence under this Act.

(2) Every person who commits an offence under this Act shall on conviction after trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment for a period not exceeding five years or to both such fine and imprisonment.

(3) Where an offence under this Act is committed by a body or persons, then—

- (a) if that body of persons is a body corporate, every director or officer of that body corporate ;
- (b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence :

Provided however that a Director or an officer of such body corporate or partner of such firm shall not be deemed

to be guilty of such offence if he proves that such offence was committed without his knowledge or that he used all such diligence to prevent the commission of such offence.

(4) The Board may, having regard to the circumstances in which an offence under section 28(1)(a) or (b) was committed, compound such offence for a sum not exceeding fifty thousand rupees. All sums received by the Board in composition for an offence under this section shall be credited to the Fund.

28. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text
to prevail
in case of
inconsistency.

29. In this Act, unless the context otherwise requires—

Interpretation

"Bank of Ceylon" means the Bank of Ceylon established by the Bank of Ceylon Ordinance (Chapter 397);

"Central Bank" means the Central Bank of Sri Lanka established by the Monetary Law Act (Chapter 422);

"Development Finance Corporation of Ceylon" means the Development Finance Corporation established by the Development Finance Corporation Act (Chapter 165);

"finance company" means a Company registered under the Finance Companies Act No. 78 of 1958 to carry on finance business;

"licensed commercial bank" means a licensed commercial bank within the meaning of the Banking Act, No. 30 of 1955;

"lending institution" means—

(a) a licensed commercial bank;

(b) a finance company;

(c) the National Savings Bank;

(d) the National Development Bank of Sri Lanka;

(e) State Mortgage and Investment Bank;

(f) Development Finance Corporation of Ceylon;

"Monetary Board" means the Monetary Board of the Central Bank constituted under section 8 the Monetary Law Act;

- "National Development Bank of Sri Lanka" means the National Development Bank established by the National Development Bank Act, No. 2 of 1979 ;
- "National Savings Bank" means the National Savings Bank established by the National Savings Bank Act, No. 3 of 1971 ;
- "People's Bank" means the People's Bank established by the People's Bank Act, No. 29 of 1961 ;
- "State Mortgage and Investment Bank" means the State Mortgage and Investment Bank established by the State Mortgage and Investment Bank Act, No. 13 of 1975.

SCHEDULE

(Section 5)

Provisions Relating to the Board of Directors

1. Every Director except the Chairman and the Director referred to in Section 5(1) (viii) shall, unless he vacates office earlier by death resignation or removal hold office for a term of three years and shall be eligible for re-nomination or re-election, as the case may be :

Provided that a Director nominated or elected in place of a Director who had vacated office by death, resignation or removal shall hold office for the unexpired term of office of the Director whom he succeeds.

2. If any Director is temporarily unable to perform his duties of his office during any period due to ill-health, or absence from Sri Lanka or for any other cause, another person may be nominated or elected to act in his place.

3. A Director may be removed from office by the person or persons nominating or electing him, without assigning any reason therefor.

4. A Director (other than the Chairman and the Director referred to in Section 5(1) (viii) may resign his office by letter addressed to the Chairman and such resignation shall take effect upon it being accepted by the Chairman.

5. The Director may be paid such remuneration and other payments out of the Fund as may be determined by the Board.

6. (1) The Chairman of the Board shall if present preside at every meeting of the Board. In the absence of the Chairman from any such meeting the Directors present shall elect a Chairman from amongst themselves.

(2) The Board shall meet at least once a month and also as frequently as is necessary for the purpose of discharging its functions under the Act.

(3) The quorum for any meeting shall be four Directors and the Board may subject to the requirement as to quorum and the provisions of this Schedule, regulate by rule, the procedure in regard to the meetings of the Board and the transaction of business at such meeting.

(4) All questions for decision at any meeting of the Board shall be decided by the vote of the majority of the Directors present. In the case of an equality of votes the Director presiding shall have a casting vote.

7. No act or decision or proceeding of the Board shall be invalidated by reason only of the existence of a vacancy among the Directors or of any defect in the appointment of any such Director.

8. (1) The seal of the Bureau shall be determined and devised by the Board, and may be altered in such manner as may be determined by the Board.

(2) The seal of the Bureau shall be in the custody of the Chairman.

(3) The seal of the Bureau shall not be affixed to any instrument or document except with the sanction of the Board and in the presence of the Chairman and two Directors who shall sign the instrument or document in token of their presence.

(4) The Bureau shall maintain a register of the instruments and documents to which the seal of the Bureau has been affixed.

9. (a) The Chairman may resign his office by a letter addressed to the Monetary Board and such resignation shall take effect on it being accepted by the Monetary Board.

(b) The Monetary Board may at any time remove the Chairman from office.

10. A Director who is directly or indirectly interested in any contract proposed to be made by the Bureau shall disclose the nature of such interest at a meeting of the Board and such Director shall not take part in any deliberation or decision on such contract, and shall withdraw from such meeting while such deliberation is in progress or such contract is being made.

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