

**Initiatives taken by the Ministry of Finance
to Establish a National Payment Platform and the Financial Assets
Management Agency**

The Budget 2016 proposed the implementation of a comprehensive Digital Development Strategy to take advantage of the significant developments in the area of Information and Communication Technology. Under that strategy, all the government institutions are proposed to be connected electronically and at the same time, a National Payment Platform is to be created to enable public to transfer funds electronically for the payment of goods and services. It was also envisaged in the Budget 2016 that this platform will bring in savings for the government by increasing efficiency thereby reducing the cash movement and cash float in the market. Budget 2016 also proposed setting up of an Agency to restructure distressed finance companies and help these finance companies to be recapitalized and their troubled assets to be taken over by the proposed agency.

With respect to implementation of a comprehensive Digital Development Strategy, Ministry of Finance (MOF) had several rounds of discussions with the Central Bank of Sri Lanka (CBSL), Information and Communication Technology Agency of Sri Lanka (ICTA) and the market participants to decide the way forward in implementing the National Payment Platform in the most efficient manner. The National Payment and Settlement System will continue to be under the authority of the CBSL as envisaged in the provisions of the Payment and Settlement Act No. 28 of 2005. The CBSL has now been requested to engage in preparing the modalities in setting up of the National Payment Platform with greater accessibility.

In order to give effect to the Budget proposal relating to restructuring of finance companies in distress, MOF has obtained the approval of the Cabinet of Ministers to

establish an entity titled “Financial Assets Management Agency (FAMA)” to acquire and resolve distressed assets of finance companies licensed under the Finance Business Act, No. 42 of 2011. Accordingly, a separate Unit has been established within the MOF to carry on the setting up of necessary legal framework and other preparatory work. It is emphasized that the establishment of FAMA to resolve distressed assets of troubled finance companies would assist the CBSL and stakeholders of such distressed finance companies in their effort to restructure these companies whilst the CBSL continues to carry on the supervision and regulation of such finance companies. It is further considered that this effort would also be useful in enhancing the public confidence and stability of the entire financial sector.