Committee on Ways and Means instructs the Central Bank of Sri Lanka to study the process of India and Bangladesh for the digitization of currency and give a report within 2 weeks

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It was revealed during the Committee on Ways and Means that the Central Bank of Sri Lanka is currently in the process of moving from the "Lanka Pay" system to Central Bank Digital Currencies (CBDCs) and will reach its final stage at the end of this year.

This information was disclosed when the Committee on Ways and Means met in Parliament recently (Jan. 10) under the Chairmanship of Hon. Patali Champika Ranawaka, Member of Parliament, to discuss the introduction of an electronic money system for the financial market and the use of blockchain technology.

Representatives of the Ministry of Finance, Economic Stabilization and National Policy, Central Bank of Sri Lanka, Attorney General's Department, Information and Communication Technology Agency and scholars related to this field were called before the Committee for this discussion.

Due to the lack of a financial registry, there is an unregulated market in 45% of the country, and there was a discussion at length regarding the introduction of a digital currency unit and an electronic payment platform for transactions and the use of blockchain technology to regulate it.

Commenting on the matters presented by the representatives of the Central Bank of Sri Lanka the Chair of the Committee stated that the Central Bank of Sri Lanka should focus on whether and how blockchain technology can be used in the activities of the main revenue collection agencies of the Government of Sri Lanka, namely the Inland Revenue Department, Sri Lanka Customs and Sri Lanka Excise Department.

In response, the Central Bank officials stated that basically there is a possibility to do so and the Central Bank of Sri Lanka is already using blockchain technology for investigations related to identification of individuals. Furthermore, the officials representing the Central Bank mentioned that since the cost of moving directly to the blockchain technology is high, there is a possibility of reaching that goal gradually. In order to achieve that goal, the Committee also pointed out the importance of motivating the customer to do more electronic transactions through digital banking.

Moreover, the Central Bank officials stated that although there is legal permission for digital banking in Sri Lanka, no bank has made requests for fully digital banking. Furthermore, the Chair pointed out that the central bank did not give instructions to use the QR code system for fuel, but to use it for financial transactions without abolishing it. He emphasized the importance of using this "QR Code" method for important sectors of the Sri Lankan economy such as transportation and electricity.

The Committee Chair also instructed the officials of the Central Bank to study the process of digitization in adapting India and Bangladesh to the use of electronic transactions and digital currencies and to submit a report within 2 weeks to the Committee on the methods and procedures regarding the challenges and solutions and its background.

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State Ministers Hon. Lasantha Alagiyawanna, Hon. Sisira Jayakody, Members of Parliament Hon. Ashok Abeysinghe, Hon. (Prof.) Charitha Herath and Hon. Ishak Rahuman, were present at the committee meeting held.