A new wave of digital transformation is reshaping Asia, fueling the region's growth potential to new heights.

Sri Lanka, as a part of the Asian family is making its way to be a part of this digital revolution and seize the new opportunities.

LankaPay as the operator of the country's national payment network LankaPay understands its role in driving Sri Lanka towards a digital economy, by empowering the nation with the central payment infrastructure that is needed to elevate itself to the next level.

CONVENIENT, SECURE AND AFFORDABLE PAYMENT SOLUTIONS

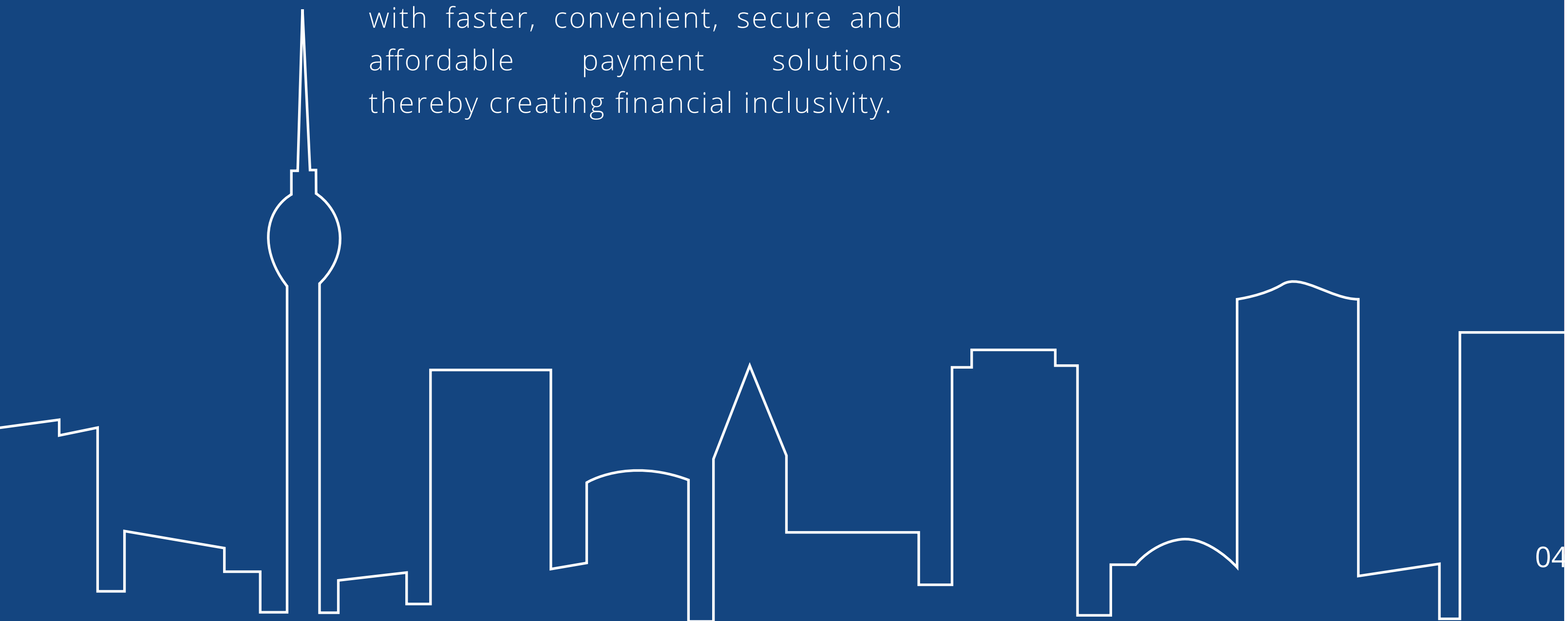
TO THE FINANCIAL SECTOR, CUSTOMERS, MERCHANTS AND FINTECHS

Bringing the best-of-breed solutions to Sri Lanka's national payment infrastructure, LankaPay is the operator of the country's National Payment Network which has been in the forefront of revolutionizing Sri Lanka's banking and financial services sector by keeping the elements 'innovation' and advanced 'technology' at its core.

Grown by leaps and bounds since its incorporation in 2002, LankaPay's quest is to empower every Sri Lankan with faster, convenient, secure and affordable payment solutions thereby creating financial inclusivity.

As the national payment network that functions under the guidance and supervision of the Central Bank of Sri Lanka, LankaPay is regarded as one of the best Public Private Partnership (PPP) in the region.

The entity is owned by the Central Bank of Sri Lanka along with other licensed public and private commercial banks operating in the island nation.



LEADING SRI LANKA'S DIGITAL TRANSFORMATION

The ever-changing business dynamic across the world presents many possibilities and benefits to individuals and companies. It enables people to connect more with their loved ones and build new friendships and partnerships across the world.

It also enables companies to reach out to more customers. The current lifestyles are just another form of independence, giving people more flexibility to create the life they imagine. When used wisely, there is no doubt that digital has the power to enhance the quality of life, both now and in the future.

From online shopping to social media, people can create their own innovative content and post it on YouTube, Facebook or engage in blogging etc. They can transact or make payments using their smart mobile devices.

Digital banking for example allows individuals and companies to open bank accounts and facilitate payments by using savings and current accounts without even stepping out. This is possible through digitalization, which can essentially turn a smart phone into a wallet, a shopping mall or even a bank branch.

Ensuring a seamless experience and allowing all our customers to do more things in a day and ultimately use that free time to live a better life is our quest.

VISION

In everything we do, we believe in the value of your time.

MISSION

We value your time by innovating solutions that are simpler, faster and secure.

CORE VALUES

- Innovative
- Convenient
- Collaborative
- Trustworthy
- Inclusive
- Accessible

MILESTONES

2002
LankaPay was established as LankaClear (Pvt) Ltd

2006
Launched island wide T+1 cheque clearing and truncation - **1st in South Asia and 2nd in the World**

2008
Established a fully functional disaster recovery site for LankaPay payment systems

2009
Launched LankaSign digital signatures becoming the **only commercially operating Certification Service Provider in the country**

2010
Implemented Sri Lanka Interbank Payment System (SLIPS) facilitating island wide same day electronic payments – **1st in South Asia**

2013
Launched LankaPay Common ATM Network facilitating interbank ATM transactions

2018
Introduced a process for liability to shift from Issuer to Acquirer for EMV enabled transactions

Launched JustPay – national mobile payment network that connects banks, fintech apps, merchants on to a single platform to facilitate real-time retail payments via bank accounts

2019
Migrated to a state-of-the-art data center with 2-hour fire-resistant enclosure in line with 'uptime tier 3' standard.

Implemented an automated system for US dollar draft/cheque clearing system

Enabled JCB cross border transactions through cards issued under the National Card Scheme and JCB cards issued internationally

2014

Launched Financial Sector Computer Security Incidents Response Team (FinCSIRT) – **1st in South Asia**

2015

Launched Common Electronic Fund Transfer Switch, facilitating real-time interbank fund transfers

Launched LankaPay Common POS Switch

Launched US Dollar Online Payment System

Launched Shared ATM Switch and Card Management System providing a shared solution for ATM switching and card management

2016

Introduced online image transfer facility to the cheque imaging and truncation system adding greater efficiency to cheque clearing process– **1st in South Asia**

2017

Became the first entity in the country to obtain PCI-DSS certification complying with the highest international standard for data security.

Implemented LankaPay Government Payment Platform to facilitate real-time payments to government institutions

Together with the Central Bank of Sri Lanka, launched LankaQR enabling scan and pay at merchant points

Launched Direct Debit to facilitate recurrent payments

2020

Launched Payment Exchange Name (PEN) to facilitate peer-to-peer payments based on a mobile number and a nick name

Implemented Automated Customer Support System to better handle customer queries

Migrated the entire LankaSign operations to a completely automated environment.

2021

We signed agreement with all transport authorities to launch a National 2in1 Card - **first payment card in the country with online and offline capability.**

2022

Launched National Remittance Mobile Application; LankaRemit

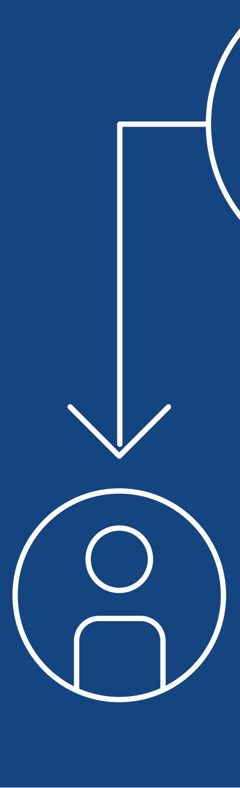
We became a member of the Asian Payment Network.

The corporate name changed to LankaPay (Private) Limited from LankaClear (Private) Limited.

2023

We partnered with UnionPay, Fonepay, Alipay+ and NIPL for cross border QR payments

GOVERNANCE FRAMEWORK AND CONTROLS



Incorporated in 2002 under the Company's Act No. 17 of 1982 as a private limited liability company. The primary objective of LankaPay was to take over the cheque clearing function previously handled by the Central Bank of Sri Lanka. LankaPay is considered one of the best Public-Private-Partnerships in the region. 47% of the shares of the company is owned collectively by Central Bank of Sri Lanka; and two state banks - Bank of Ceylon and Peoples' Bank; while the balance 53% is owned by all other licensed commercial banks operating in the country.

The Chairman of LankaPay is appointed by the Governor of the Central Bank and the Board constitutes of 2 permanent members from the Central Bank, 1 permanent member each from Bank of Ceylon and Peoples' Bank.

3 members from shareholding banks on a two-year rotational basis appointed by Sri Lanka Banks' Association (SLBA) while the Secretary General of SLBA participates in the Board as an observer. With a fresh mandate issued by the Central Bank subsequently, the Company now operates the country's National Payment Network that facilitates all interbank payments on behalf of its member banks and financial institutions, under the brand name of LankaPay.

LankaPay is the first entity in the country to obtain world renowned PCI-DSS version 3.2 certification, which is a testiment to our commitment towards ensuring highest level of security across all our services. Additionally, LankaSign digital certification authority is also ISO 27000:2013 certified and adheres to military grade security standards.

Over **Rs. 27.86 Tn** and **USD 1.13 Bn** worth of transactions facilitated

31 Banks and **24** NBFIs connected

142.65 Mn real-time interbank transactions amounting to **Rs. 12.52 Tn** facilitated

Real-time payments to government institutions amounting to **over Rs. 828.78 Bn** facilitated

630,276 Digital certificates issued

PCI-DSS Ver 3.2 Certified Complying with the highest international standard for data security

35.11 Mn cheques worth **Rs. 10.61 Tn** in value cleared

Over 126.52 Mn interbank ATM transactions amounting to **Rs. 1.24 Tn** in value facilitated

EDGING TOWARDS A CASHLESS ECONOMY

OPERATIONAL HIGHLIGHTS IN 2023

TRANSFORMING THE COUNTRY'S PAYMENT LANDSCAPE

CHEQUE CLEARING

Automated cheque clearing and cheque truncation was introduced in Sri Lanka in 2006 with the launch of the Cheque Imaging & Truncation System (CITS).

Sri Lanka is the first in South Asia and second in the world to introduce such facility. As a result, upon depositing a cheque, the beneficiary is able to get funds credited to his account on the following business day (T+1).

The entire cheque clearing process has now been automated allowing extended cut-off times which benefits the banks and customers alike.

With a sound Disaster Recovery (DR) process and a Business Continuity Plan (BCP) we are geared to handle the challenges posed by the business environment to deliver superior service at all times, maintaining over 99% system uptime.

US DOLLAR ONLINE PAYMENTS

LankaPay US Dollar On-line Payment System is yet another payment product of LankaPay aimed at providing a cost-effective solution for domestic US Dollar payments.

Prior to the introduction of USD On-line Payment System, any domestic interbank USD transfer needed to be convened via a NOSTRO account of the corresponding bank in New York. With the introduction of LankaPay US Dollar On-line Payment facility, domestic interbank USD transactions can now be routed locally, hence the transaction processing fees have come down drastically.

The online clearing facility is much faster and convenient option to USD Drafts and Cheques, of which the clearing process too is handled by LankaPay.

LankaPay US Dollar On-line Payment System offer following benefits to banks and its customers.

- Lower transaction cost for banks and customers
- Significant reduction in fees paid to correspondent bank, curtailing foreign exchange outflow
- Enhanced turnaround time (TAT) and prompt in-time zone settlement
- Greater convenience to banks
- Less administrative hassle for banks

US DOLLAR DRAFT PAYMENTS

Traditional USD draft clearing took more than three weeks to credit customers. This is due to local banks having to send USD drafts to the respective 'Nostro' account maintaining banks which were based abroad.

To overcome the lengthy clearing process, LankaPay launched USD Draft Clearing System in 2002. At the time, a semi-computerized clearing system was used for clearing of drafts denominated in US dollars issued by Licensed Commercial Banks (LCBs) in Sri Lanka and payable to Sri Lankan individuals and institutions. This system was also used to clear drafts issued by banks' exchange houses abroad and drawn on LCBs in Sri Lanka. As a result, the time taken to clear USD drafts were reduced from three weeks to four days. It also saved the clearing fees charged from the banks significantly.

With the view to continuously improve our services, LankaPay launched the US Dollar Draft Online Image Transfer System (UITS) in 2019.

Functioning as a web based online clearing system, the new system has eliminated the need to physically present the drafts for clearing, improving the clearing cycle to T+1.
Currently there are 22 licensed commercial banks connected to UITS. UITS covers the clearing of following instruments:

- USD drafts issued by commercial banks in Sri Lanka payable to Sri Lankan individuals and institutions.
- USD drafts issued by banks or exchange houses abroad drawn on commercial banks in Sri Lanka.

SAME-DAY ELECTRONIC FUND TRANSFERS

Interbank same-day electronic fund transfers are facilitated via the Sri Lanka Interbank Payment System (SLIPS) operated by LankaPay. This batch-mode electronic payment system is popularly used for periodic bulk payments between two institutions or across multiple institutions.

LankaPay was the first in South Asia to introduce SLIPS which is now a 100% paperless clearing operation, secured with digital signatures.

INTERBANK REAL-TIME PAYMENTS

LankaPay Common Electronic Fund Transfer Switch went live in 2015, facilitating interbank real-time payments within the country. 55 banks and NBFIs are now connected to the network enabling their customers to make interbank fund transfers upto Rs. 5 Mn in value in real-time via internet banking.

With PCI-DSS certification, security across the entire operation is assured complying with the highest international standard for data security.

REAL-TIME PAYMENTS TO GOVERNMENT INSTITUTIONS

LankaPay under the direction of the Central Bank launched LankaPay Online Payment Platform (LPOPP), facilitating online real-time payments to organizations that are connected to the network. The first institution went live with LPOPP was Sri Lanka Customs, followed by Board of Investments, Sri Lanka Port Authority, Inland Revenue Department, Employees' Provident Fund, Import Export Control Department, Sri Lanka Standards Institution and Department of Commerce. This system has replaced the cumbersome manual payment operations of these institutions bringing much convenience and efficiency, particularly to the import export operation in the country. The flat transaction fee applicable, irrespective of the value of the transaction has been an attractive proposition to traders.

DIRECT DEBIT

Direct Debit is another extension of the LankaPay Common Electronic Fund Transfer Switch that allows customers to give a mandate to the bank of a third party to pull funds up to a certain amount from his bank account on a given date, without the customer having to initiate the payment at his end. These recurrent payments could range from bill payments such as electricity bills, water bills to insurance premium payments to telecom bill payments etc. This feature that is heavily used in other countries, would immensely benefit organizations in their payment collection activities and make payment reconciliation more efficient. Especially, Banks, Insurance companies, leasing companies and utility companies would find this feature to be of great convenience in collecting their dues on time.
Already 12 banks and NBFIs are connected to Direct Debit.

MOBILE PAYMENTS

Launched in 2018, JustPay is the national mobile payment network that connects financial institutions, fintech apps and merchants onto a single platform to facilitate real-time merchant payments via bank accounts. This breakthrough payment product allows customers to make retail payments using smart mobile devices by transferring funds from their current or savings account to the merchant's account, directly. With a slab based, extremely low tariff scheme, JustPay provides a convenient, secure and affordable option for retail payments which are primarily made by cash and cards. Per transaction value limit for JustPay transactions is Rs. 50,000.

JustPay is an initiative that is aptly supported by the Central Bank of Sri Lanka that aims to convert over 95% of the retail transactions that currently made via cash into electronic modes. JustPay recorded 22 Mn transactions amounting to over Rs. 110 Bn in value in 2023.

QR-BASED PAYMENTS

LankaQR is a project initiative of the Central Bank of Sri Lanka to ensure all QR codes and QR based transactions in Sri Lanka are standardized and interoperable. LankaPay has been entrusted with the operation of LankaQR as the facilitator. LankaQR follows EMVCo Merchant Preseneted QR standard.

DIGITAL SIGNATURES

LankaPay launched Sri Lanka's first Certification Authority under the brand name LankaSign in accordance with the Electronic Transaction Act at the invitation of the Central Bank of Sri Lanka. LankaSign in its first phase provided digital certificates to Banks to be used in financial transaction clearing systems. In 2011, LankaSign launched its second phase by providing digital certificates for all financial sector enterprise applications, SSL Certificates and End Users (E-mail/Document signing) Certificates on both private and public networks. In catering to the growing needs, LankaSign recently introduced the facility of issuing digital certificates in real-time for mobile based payment applications for digitally signing and authenticating electronic documents. Aligning with the Electronic Transaction Act, No.19 of 2006, LankaSign follows a stringent process for validating the certificate users and their respective organizations before issuing a digital certificate. Due to its high security standards, LankaSign was able to obtain certification on ISO 27001:2013 for its Information Security Management System in the year 2015. LankaSign digital certificates support desktops, laptops and Android and iOS devices.

INTERBANK ATM TRANSACTIONS

Interbank ATM transactions are facilitated via LankaPay Common ATM Switch which was launched in 2013. We now connect over 99.95% of all ATMS in the county with 24*7*365 operation, enabling customers to use their debit card at literally any ATM in the country. With LankaPay Common ATM Switch customers can now use any ATM to withdraw cash and check account balance at an affordable cost. The entire operation is automated and complies with PCI-DSS standard.

COMMON INTEROPERABLE POS NETWORK

LankaPay Common POS Switch (CPS) connects all individual POS switches of its member banks to facilitate payment card transactions originated from any POS terminal that belongs to a member bank, into a unified infrastructure ensuring a seamless, interoperable network.

The main function of the LankaPay CPS is switching and clearing of Off-Us POS transactions between LankaPay acquirers and issuers. Currently, LankaPay/JCB co-badged debit card POS transactions are routed through LankaPay CPS. The system has the capability of routing POS transaction of any card issued by any card scheme.

LankaPay CPS aims to achieve maximum efficiency (including cost effectiveness) and speed with regard to switching of domestic/cross-border Off-Us POS transactions while promoting international standards and security measures for card-based payments in Sri Lanka.

Further, LankaPay CPS facilitates integration of future Off-Us POS services and improve the efficiency of Off-Us POS transactions. The Central Bank of Sri Lanka has mandated all fees and charges that a LankaPay CPS member can charge from a customer and the Merchant Discount Rate (MDR) applicable for transactions routed through LankaPay CPS.

NATIONAL CARD SCHEME

LankaPay in partnership with JCB International launched the National Card Scheme in 2017. Under this initiative, domestic banks and financial institutions can issue LankaPay-JCB co-branded debit cards in the country. LankaPay-JCB co-branded cards can be accepted across LankaPay payment network (ATM and POSs) locally and across JCB international network globally. The National Card Scheme aims to reduce the cost structure for card-based transactions within the country, thereby popularize card payments. In addition, the strategic partnership also facilitates acceptance of international JCB cards and partner network cards at ATMs and merchants who are on LankaPay network. This initiative is aimed at retaining valuable foreign exchange for the country which is paid to international card schemes for domestic card transactions, providing a cost-effective alternative to banks.

FINANCIAL SECTOR COMPUTER SECURITY INCIDENCE RESPONSE TEAM

Finance Sector Computer Security Incident Response Team (FINCSIRT) is a specialized service unit that is responsible for receiving, reviewing, processing and responding to computer security alerts and incidents affecting the Banks and other Licensed Financial Institutions in the country while being the enabler for the information security efforts in the sector and its members. FINCSIRT is a joint initiative of the Central Bank of Sri Lanka, the Sri Lanka Computer Emergency Response Team (Sri Lanka CERT) and Sri Lankan Banks' Association; and is hosted under LankaPay. FINCSIRT is established as a centralized body (Not-for-Profit Organization) to coordinate security efforts within the financial sector, and as an entity steered and funded by the Banks, will have the prime responsibility and accountability towards them.

NICK NAME BASED PEER-TO-PEER PAYMENTS

Payment Exchange Name (PEN) is a nickname based real-time person-to-person or peer-to-peer (P2P) payment system facilitated via LankaPay Common Electronic Fund Transfer Switch. PEN enables customers to make P2P payments amongst PEN member banks conveniently, securely and error free. With PEN, Customers no longer have to provide their bank name, branch, account number and other details when requesting for a fund transfer. This would minimize the mistakes made by customers in making an electronic fund transfer.

Due to the ease of making fund transfers, PEN is expected to attract less tech-savvy customers also to adopt electronic payment modes in making fund transfers, which is key to making financial inclusivity a reality. Upon joining the PEN network, PEN member banks would assign a nickname for each account held by the customer. These nicknames would be associated with the mobile phone number registered by the customer with the respective financial institution.

Once this process is completed, customers are able to make fund transfers amongst customers of PEN member banks with the ease of simply selecting the mobile number and the respective PEN, ensuring the accuracy and the security of the fund transfer.