

CODE OF CONDUCT
of
Licensed Finance Companies
Sri Lanka

Prepared by the
The Finance Houses Association of
Sri Lanka



-- November 2020 --

This Code of Conduct has been adopted by The Finance Houses Association of Sri Lanka (FHA) as a Regulation framed by its Board of Directors, and as such, is binding on all employees of the member Companies.

INTRODUCTION

This Code of Conduct adopted by ‘The Finance Houses Association of Sri Lanka’ to ensure that the highest levels of professionalism, ethical conduct and good governance are observed by all the member companies operating in the Republic of Sri Lanka and their employees; binds its member companies and their employees to total compliance as a condition of its membership.

OBJECTS

General

The member companies and their managements are bound to maintain the highest standards of Good Governance in the conduct of all their strategic and business operations through the adoption of

1. Comply with all current regulatory and legal requirements, and adopt endeavor to follow best industry practices.
2. Ethical practices in recruiting employees from other member Registered Finance Companies;
3. Ethical practices avoiding unfair business practices in competing with other member Registered Finance companies;
4. Ensure adoption of ethical advertising norms not damaging or adverse to competitors in the market.

Customer Services

1. Ensure in adhering to the Financial Customer Protection Framework issued by the Central Bank of Sri Lanka.
2. Ensure transparency, in the explicit and implicit meanings of all promotional literature in regard to terms and conditions of lending, recovery procedures, and the levy and imposition of interest rates for regular recoveries as well as default recoveries.
3. Prepare ‘Pro-Forma Specimen’ copies of all contracts, and other assignation documents used for the sale of all financial products, in all three languages-Sinhala, Tamil and English; and make such material available to customers, prior to they are called upon to sign such documents.
4. Ensure the use of –lucid, easy to understand plain and common idiom , in all correspondence whether such be in- SINHALA, TAMIL, or ENGLISH
5. Ensure that all reasonable information on all financial products is made available to customers in all three languages, when such information is sought.
6. Where customers seek/request for information
7. Comply with Statutory Requirements with respect to the supply of information, and
8. Furnish all other reasonable requests for information.
9. Assist customers seeking advice and guidance,

10. Establish the credit worthiness of borrowers to ensure their repayment capacity, especially in dealing with Micro Finance sector borrowers
11. Ensure that the customer is given a clear understanding of his financial obligations arising from entering into a financial contract with the Company.
12. Ensure that a set of 'Transparent and Credible Guidelines' for the disposal and adjudication of customer complaints is adopted by the Company; and such guidelines are given due publicity and made available to the public.
13. Provide credible guarantees that customers will not be intimidated, and subject to victimization, harassment, for lodging complaints and resort to extra judicial methods of recovery.
14. Complaints referred back to a Finance Company by the Financial Ombudsman shall be dealt expeditiously

Projecting the Finance Industry Image

1. To protect, promote, and advance, the image, standing, and common interest of Finance Companies in Sri Lanka; and to conduct all its business with integrity and responsibility.
2. Remain Trusted, and Recognized Contributor to the Sri Lanka Economy and Society at large.
3. To promote and adopt 'highest ethical/ moral' standards and pursue 'best business practice' in the conduct of its business operations.
4. In matters of Marketing, Advertising, and use of promotional literature,
5. Ensure compliance with all applicable legislation,
6. Adopt accepted Advertising Norms, Standards and practices,
7. Ensure that Advertising/Promotional literature do not carry misleading information,
8. Ensure such material is directly or indirectly not derogatory or attempt willfully to damage the image and interests of competitors,
9. To ensure the undiluted maintenance of 'Good Image' and 'Reputation' of the Finance Industry as a whole;
10. To remain alive to the emerging and current needs of the Finance Services Industry, always remaining within the prudential levels of risk and conduct its strategic and business operations;
11. To observe at all times -Full Compliance with the Legislative and Regulatory changes;
12. To notify the Association of any matter that may adversely affect – the reputation and good will of the Association, and /or the reputation of the Industry,
13. Any violation or action contrary to the principles and spirit of this CODE by any member Company, shall be referred confidentially to the FHA for amicable reconciliation in the first instance; prior to seeking redress through the CBSL in its capacity as the regulatory authority.

Employee Relation

1. At all times the stakeholders shall act in a professional and ethical way, and uphold the highest standards of honesty, trust, fairness, integrity and diligence.
2. Build in provisions into employee recruitment schemes to ensure that it is made obligatory for employees to give due notice of vacation of service, when alternative

employment is sought; and prescribe the associated financial penalties for failure and non compliance to provide such notice.

3. To ensure that member companies make it obligatory upon themselves, to require that new employees provide a standard certificate of good standing and Release from the previous Employer.
4. To ensure adoption of ethical practices in recruiting employees from other member Registered Finance Companies;
5. It shall not be made obligatory for an incoming employee to prevail upon customers serviced by such employee during his/her previous employment, to transfer their custom or deposits to the new company.
6. Provide adequate professional training for their employees,

Essential Legal Obligations

Every member shall

1. Obtain a declaration from all employees as prescribed under –Section 61(2) of the Finance Business Act No 42 of 2011
2. Ensure that employees are conversant with the provisions in the ‘Code of Conduct’,
3. Guidelines for the conduct of business lawfully in compliance with all applicable legislation, shall be issued by each Company to its employees
4. Comply with all Guidelines, and Regulatory Requirements and Instructions issued by the Management Committee.(Executive Committee of the Finance Houses Association)

Shall conduct its business-

1. Lawfully,
2. In compliance of all relevant Legislation, Judicial Decisions, and all ‘Fair Trade’ practices.

Strict Compliance with the provisions of –‘Financial Transactions Reporting Act No 6 of 2006’ particularly with respect to,

- Know Your Customer (KYC), and
- Customer Due Diligence Rules

Strict compliance with the rules prescribed by

- Money Laundering Act No 5 of 2006, and
- Conventions on the Suppression of Terrorist Financing Act No 25 of 2005, and
- Report any suspected Transactions to the ‘Finance Intelligence Unit at the Central Bank of Sri Lanka’

Confidentiality of Information

1. All information furnished by a customer is strictly confidential,
2. Never release customer information to a third party,

I Unless required by law, or

- II Under the direction of a court of law, and
- III Unless specifically authorized by the customer

Repossessions

The Right of Repossession shall be exercised only after strictly following the due process prescribed in the

1. Finance Leasing Act No 56 of 2000 and
2. Consumer credit Act No 29 of 1982

Repossession agents will be obligated to follow the specific guidelines issued to them

Breaches of the Code of Conduct

Any lapse or a breach of the provisions stipulated in this Code of Conduct by any employee of a member Registered Finance Company would constitute a ground for disciplinary action to be prescribed by each Company.

OPERATIONAL GUIDELINES

To promote Best Practices amongst Industry Players

(To be reviewed annually by CBSL/FHA)








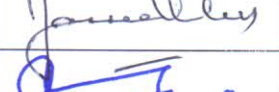

BACKGROUND

The Licensed Finance Companies (LFC) and members of the Finance Houses Association of Sri Lanka with the view of ensuring the well being of each other and to co exist amicably whilst competing in an ethical and fair manner and not resorting to unfair business practices hereby agree to the guidelines on recruitment and capacity building.

1. Staff recruitment and capacity building

- I. An LFC offering a range of products through its branch/location network operating in any part of the country shall limit recruitment of staff from a single geographic location/branch, to a maximum of one person in a calendar year.
- II. An LFC having in its Registered Office/Head Office/Principal Office or in any location/s where key/critical functions are carried out shall not recruit three or more persons engaged in one or more disciplines in one calendar year.
- III. The exception, to the above would be where by mutual agreement the CEO's/Managing Director or an officer in an equivalent capacity empowered to enter into such an agreement consents to recruitments in excess of the numbers specified herein.

We hereby pledge to integrate the principles of this LFC Code of Conduct in our business and uphold them in our operations.

Company	Managing Director / CEO	Signature
Abans Finance PLC	Mr Dharshan Silva	
Alliance Finance PLC	Mr Romani De Silva	
AMW Capital Leasing and Finance PLC	Mr. Chamath Munasinghe	
Arpico Finance Co. PLC	Mr Chandrin Fernando	
Asia Asset Finance PLC	Mr Rajiv Gunawardena	
Associated Motor Finance Co. PLC	Mr. T M A Sallay	
Bimpuh Finance PLC	Dr. Niranjan Pathmanathan	
Central Finance Co. PLC	Mr Eranjith Wijenaik	
Citizens Development Business Finance PLC	Mr Mahesh Nanayakkara	
Commercial Credit and Finance PLC	Mr Roshan Egodage	
Commercial Leasing and Finance PLC	Mr Krishan Thilakarathne	
Dialog Finance PLC	Mr Asanga Priyadarshana	
Fintrex Finance LTD	Mr Jayathilake Bandara	
HNB Finance PLC	Mr Chaminda Prabath	
Ideal Finance LTD	Mr Duminda Weerasekare	
Kanrich Finance LTD	Mr Shiran Weerasinghe	
Lanka Credit and Business Finance LTD	Mr K G Leelananda	
L B Finance PLC	Mr Sumith Adhihetty	
LOLC Development Finance PLC	Mr Rohan Kumara	
LOLC Finance PLC	Mr Conrad Dias	
Mercantile Investment & Finance PLC	Mr Gerard Ondaatjie	

Company	Managing Director / CEO	Signature
Merchant Bank of Sri Lanka & Finance PLC	Mr Jude Gamalath	
Multi Finance PLC	Mr Pushpike Jayasundera	
Nation Lanka Finance PLC	Mr Suresh Amarasekera	
Orient Finance PLC	Mr K M M Jabir	
People's Leasing and Finance PLC	Mr Shamindra Marcelline	
People's Merchant Finance PLC	Mr Nalin Wijekoon	
Prime Finance PLC	Mr Maduranga Heenkenda	
Richard Pieris Finance LTD	Mr Lohika Fonseka	
Sarvodaya Development Finance LTD	Mr Nilantha Jayanetti	
Senkadagala Finance PLC	Mr Lakshman Balasuriya	
Serendib Finance LTD	Mr Upul Dissanayaka	
Singer Finance (Lanka) PLC	Mr Thushan Amarasuriya	
Sinhaputhra Finance PLC	Mr Chandika Weerakoon	
Siyapatha Finance PLC	Mr Ananada Seneviratne	
Softlogic Finance PLC	Mr Priyantha Wijesekera	
Trade Finance & Investments PLC	Mr L A J F Morais	
UB Finance Co. LTD	Mr Ransith Karunaratne	
Vallibel Finance PLC	Mr Jayantha Rangamuwa	
The Finance Houses Association of Sri Lanka	Mr Niroshan Udage	