

## **LMFPA Meets with State Ministers of Finance Ministry to discuss current issues in the industry**

### ***Discussion with State Minister for Microfinance***

On 14<sup>th</sup> of December 2020, LMFPA had the opportunity of meeting with Mr. Shehan Semasinghe, State Minister of Samurdhi, Household Economy, Microfinance, Self Employment, Business Development & Underutilized State Resources Development in Colombo. Minister Semasinghe is the subject minister for Microfinance and he is the first ever Minister appointed for Microfinance under the Ministry of Finance. The main objective of this meeting was to address the issues faced by the microfinance industry especially under the backdrop of overcoming the COVID 19 pandemic. During this meeting it was also identified that there had not been a proper study on the number of lending institutions in the country as there are still a large contingent of institutions that do not fall under the purview of the Microfinance Act due to various reasons such as Core capital inadequacy, and being credit only institutions. The present Microfinance Act which mainly focuses on regulating deposit taking institutions has created a vacuum in excluding institutions that are only into micro credit. The LMFPA proposed to undertake the task of enumerating unregulated MFIs and sought the support of the minister for same.



LtoR: Mr. Imran Nafeer (LMFPA Secretary), Mr. Anura Atapattu (LMFPA President), Hon. Shehan Semasinghe (State Minister), Mr. Wasantha Gunawardena (LMFPA Treasurer), & Mr. Priyantha Dematagoda (LMFPA Vice President)

The state minister stated that the government will be organizing a series of awareness programmes on micro credit among the rural households and requested LMFPA to conduct something similar in parallel. To this the LMFPA officials proposed an online panel discussion with the state minister as a guest speaker to which he willingly agreed. The webinar is scheduled to be held in January 2021.

### ***Discussion with State Minister of Money & Capital Market and State Enterprise Reforms***

On 21<sup>st</sup> of December 2020, LMFPFA had the opportunity of meeting Mr. Ajith Nivad Cabral, Hon. State Minister of Money & Capital Market and State Enterprise Reforms at the Ministry of Finance in Colombo.



LtoR: Mr. Wasantha Gunawardena (LMFPA Treasurer), Mr. Victor Ratnayake (Director LMFPA), Mr. Ajith Nivad Cabraal (State Minister), Mr. Anura Atapattu (LMFPA President), & Mr. Imran Nafeer (LMFPA Secretary)

The long felt need of a credit regulatory mechanism for the microfinance industry was the key highlight during this discussion. The State minister stated that the present government would not be willing to invest in establishing a separate authority to regulate the microfinance industry as it would be a high cost affair. He added that it is more important for the government to focus on creating opportunities for people to access funds for business ventures with fewer restrictions. Therefore he invited LMFPFA to present a cost effective regulatory model that would be beneficial in the long run and agreed to support it based on its effectiveness. This in itself presents a great opportunity for the association to propose a workable solution to regulate a large contingent of micro credit providers in the country.