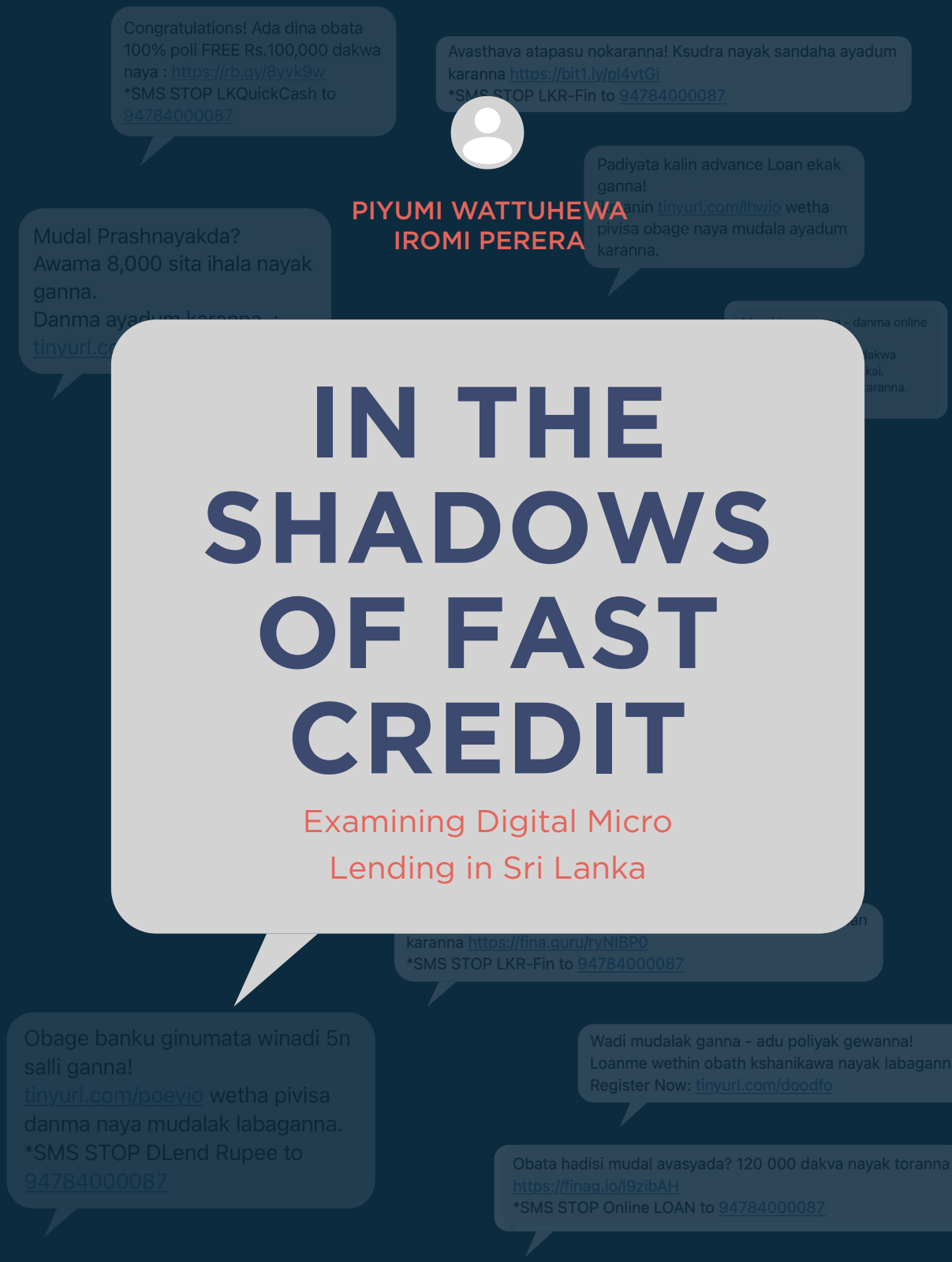
CENTRE FOR A SMART FUTURE

NOVEMBER
2026



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IN THE SHADOWS OF FAST CREDIT

Examining Digital Micro Lending in Sri Lanka

IN THE SHADOWS OF FAST CREDIT:
EXAMINING DIGITAL MICRO LENDING IN SRI LANKA

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LIST OF ABBREVIATIONS

AI	Artificial Intelligence
CBSL	Central Bank of Sri Lanka
CCID	Computer Crimes Investigation Division
CERT	Computer Emergency Readiness Team
CSF	Centre for a Smart Future
DALA	Digital Alternative Lending Association
DFS	Digital Financial Services
IT	Information Technology
LKR	Sri Lankan Rupees
MCRA	Microfinance and Credit Regulatory Authority Act
NIC	National Identity Card
OLAS	Online Lending Applications
PDPA	Personal Data Protection Act No 9 of 2022
PIN	Personal Identification Number
RAM	Random Access Memory
SEO	Search Engine Optimisation
SIM	Subscriber Identity Module
SLCERT	Sri Lanka Computer Emergency Readiness Team
SMS	Short Message Service
TRCSL	Telecommunications Regulatory Commission of Sri Lanka

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EXECUTIVE SUMMARY

Sri Lanka's economic vulnerability, rising living costs and growing income instability have increased households' reliance on debt to meet everyday needs. The protracted effects of Sri Lanka's economic crisis and new shocks such as natural disasters and global energy shortages have converged to deepen the population's vulnerability. Rising living costs and income instability have eaten away at people's savings and left them more reliant on debt to make ends meet. At the same time, Sri Lanka has undergone rapid digital growth with a growth in mobile ownership, internet connectivity and social media use. This has transformed how Sri Lankans access financial services, and in particular digital microloan services have become an increasingly common source of fast, and flexible credit, especially for those who are excluded from (or find difficulty in accessing) traditional banking. These services are often not regulated by the Central Bank (as they are not deposit taking entities) or any other regulator, and are made available by smartphones.

This study explores the status and use of these unregulated digital microloan services in Sri Lanka. It adopts a mixed methods approach, combining insights from 39 qualitative interviews with borrowers, a desk review of major digital microloan services and a documentary analysis of online borrower resistance groups. It attempts to outline who uses these services, why they do so, how these companies operate and promote their services and the risks created for borrowers through their use.

Borrowers primarily turn to digital microloans to meet essential and urgent household and livelihood expenses. Findings revealed that borrowers approach these services to fulfill e needs such as rent, medical expenses, business costs and children's expenses. Many respondents revealed that they were dissuaded from relying on traditional banks as they were too laborious, were too slow or dependent on collateral they did not possess.

The promise of fast and accessible credit often masks the actual costs of borrowing and the risk of mounting indebtedness. The study identifies how digital loan services market their services around speed, convenience and accessibility, emphasising instant approvals, low or zero interest and minimal documentation. However, borrowers frequently reported service fees and late fees that became de facto interest. They also described falling into cycles of repeat borrowing, taking new loans from multiple services simply to repay existing debts.

Borrowers who default on payments face consequences that are far beyond financial. Borrowers consistently report aggressive debt collection tactics which include repeated phone calls, threats, intimidation and reputational harm. These practices have damaged relationships, employment, mental wellbeing and, in several cases, contributed to severe psychological distress and suicidal ideation.

Reviews of loan services revealed serious concerns regarding transparency and the protection of borrowers' personal data. Terms and conditions and privacy policies of many services were vague, inaccessible or unavailable in local languages, calling into question borrowers' ability to provide informed consent. Examination of permissions required by the loan apps showed extensive collection of personal, financial and device data, including photographs, identification documents, location data, contacts and other

sensitive information. Companies also reserve broad powers to share data with third parties, retain information for unspecified periods and transfer data internationally. These practices raise significant concerns regarding compliance with Sri Lanka's Personal Data Protection Act.

Sri Lanka's digital microlending market operates through an interconnected network of services, developers and marketing channels. Many services share developers, marketing strategies and ownership structures and have links to international financial technology and advertising networks. Loan comparison websites and coordinated marketing campaigns suggest companies working as part of a network as opposed to as individual companies.

The regulatory gaps surrounding digital microloans require a coordinated response that extends beyond financial regulation. At present, these services fall into a regulatory black-hole. While the recently enacted Microfinance and Credit Regulatory Authority Act has the potential to address this gap, the Authority has yet to be established, and it is reported that the Act is being amended. Moreover, financial regulation alone will be insufficient. The findings demonstrate the need for stronger coordination between financial regulators, data protection authorities, cybercrime agencies and law enforcement to address exploitative lending practices, misuse of personal data and potential cross-border financial activities. It also demonstrates the need to improve digital literacy as an important step towards consumer protection.

1. INTRODUCTION

The protracted effects of Sri Lanka's economic crisis and new shocks such as natural disasters and global energy shortages have converged to deepen the population's vulnerability. The economic shocks of the COVID-19 pandemic have had long-lasting impacts on communities[1]. The 2022 economic crisis and its associated impacts on households have eaten away at people's savings and personal assets over time[2]. Sharp macroeconomic adjustment measures resulted in hikes in prices of utilities such as electricity, fuel, and cooking gas[3], increasing the cost of living[4]. Unpredictable climate events such as the November 2025 Cyclone Ditwah destroyed homes, infrastructure, and livelihoods and compounded pre-existing vulnerabilities such as debt and malnutrition.

Around this time, another phenomenon has been underway - the rapid increase in the access and use of digital technologies, especially mobile technologies. The country's cellular mobile connections increased by 612,000 between 2020 and 2021[5], by 1 million between 2021 and 2022[6] and by 2.7 million between 2022 and 2023[7]. The number of internet users also increased, with 800,000 new internet users between 2020 and 2021[8] and 528,000 new internet users between 2021 and 2022[9]. As of late 2025, Sri Lanka had a total of 30.3 million cellular mobile connections. According to the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), as of March 2026, the country has a cellular mobile density (per 100 inhabitants) of 135.5[10]. The population is also consuming more and more data; Sri Lankans consumed 311,244 terabytes of mobile data in the first quarter of 2026 - a significant increase from the 258,904 terabytes of mobile data consumed in the same quarter of the previous year. Concurrently, there was also a huge increase in social media usage; While there were 6.4 million social media users[11] in the country in January 2020, by October 2025 this number rose to 9 million[12]. This means that in the post-pandemic era, not only were Sri Lankans more connected to each other, but they were also able to access other services easily through their mobile phones.

Alongside these shifts, and in the face of lack of income, limited opportunities to earn an income, and staggering cost of living[13], 22% of Sri Lankan households affected by the economic crisis reported being in debt[14]. The precarious nature of their day-to-day life means their loans needed to not only be collateral-free, they also needed to be fast, easy

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[1] Colombo Urban Lab, COVID-19, Economic Crisis, and the Erosion of Sri Lanka's Economic, Social and Cultural Rights Commitments (n.d.), https://drive.google.com/file/d/1hQEZnWmry0LJYKzEFvOwr9N8t3kPvU-w/view
[2] 'EXPLAINER – Ripple Effect of Sharp Depreciation of Sri Lanka Rupee', Business, EconomyNext, 7 May 2026, https://economynext.com/explainer-ripple-effect-of-sharp-depreciation-of-sri-lanka-rupee-271570.
[3] Meghal Perera, Electricity and Colombo's Working Class Poor (Colombo Urban Lab, Centre for a Smart Future, 2025), https://www.csf-asia.org/wp-content/uploads/2025/03/Electricity-Research-Brief_March-2025.pdf.
[4] Thushan Jayasuriya, 'Cost of Living: Sri Lanka Second Highest in South Asian Region', DailyNews, 31 October 2025, https://www.dailynews.lk/2025/10/31/business/886748/cost-of-living-sri-lanka-second-highest-in-saarc-region/.
[5] Simon Kemp, 'Digital 2021: Sri Lanka', DataReportal – Global Digital Insights, 12 February 2021, https://datareportal.com/reports/digital-2021-sri-lanka.
[6] Simon Kemp, 'Digital 2022: Sri Lanka', DataReportal – Global Digital Insights, 15 February 2022, https://datareportal.com/reports/digital-2022-sri-lanka.
[7] Kemp, Simon. 'Digital 2023: Sri Lanka'. DataReportal – Global Digital Insights, 14 February 2023. https://datareportal.com/reports/digital-2023-sri-lanka.
[8] Kemp, 'Digital in Sri Lanka'.
[9] Kemp, 'Digital 2022'.
[10] Telecommunications Regulatory Commission of Sri Lanka. Telecom Statistics of Sri Lanka Q1 2026 – TRCSL. 2026. https://www.trc.gov.lk/content/files/statistics/2026/Statistics%20Report%20Q1%202026.pdf.
[11] Simon Kemp, 'Digital 2020: Sri Lanka', DataReportal – Global Digital Insights, 18 February 2020, https://datareportal.com/reports/digital-2020-sri-lanka.
[12] 'Digital 2026: Sri Lanka', DataReportal – Global Digital Insights, 8 November 2025, https://datareportal.com/reports/digital-2026-sri-lanka.
[13] 'UNDP Sri Lanka, Addressing Household Debt Induced Vulnerability In Sri Lanka (UNDP Sri Lanka, 2024).
[14] Department of Census and Statistics, Household Survey on Impact of Economic Crisis - 2023 Sri Lanka (Final Report (Ministry of Finance, Planning and Economic Development, 2025), https://www.statistics.gov.lk/Resource/en/OtherCensusandSurveys/SurveyReports/HHImpact_of_Economic_crisis_2023_Final_Report.pdf.

to access, and flexible; something traditional financial services did not provide to them. The coinciding growing digital access meant that this need could be met (or at least it was sought) through a mobile phone rather than a physical branch of a financial institution. In such contexts, digital microloans emerge as a growing and much-sought-after financial service.

Digital microloans are small, short-term loans delivered through digital platforms or mobile applications that are typically instant and collateral-free. These loans have become well sought after due to their in the aftermath of the economic crisis due to quick disbursement of funds and easy access. Even though these services are becoming increasingly popular in Sri Lanka, little is known about the operations of these services, who relies on them and what implications they carry for vulnerable populations. This study examines the landscape of digital microloan services in Sri Lanka, and focuses specifically on the unregulated segment of Sri Lanka's digital microloan market. It explores both their practices of service and the lived experiences of the borrowers who rely on them. It focuses more specifically on the subset of loan providers that are not licensed or regulated as financial institutions.

Box 1: What are digital microloans?

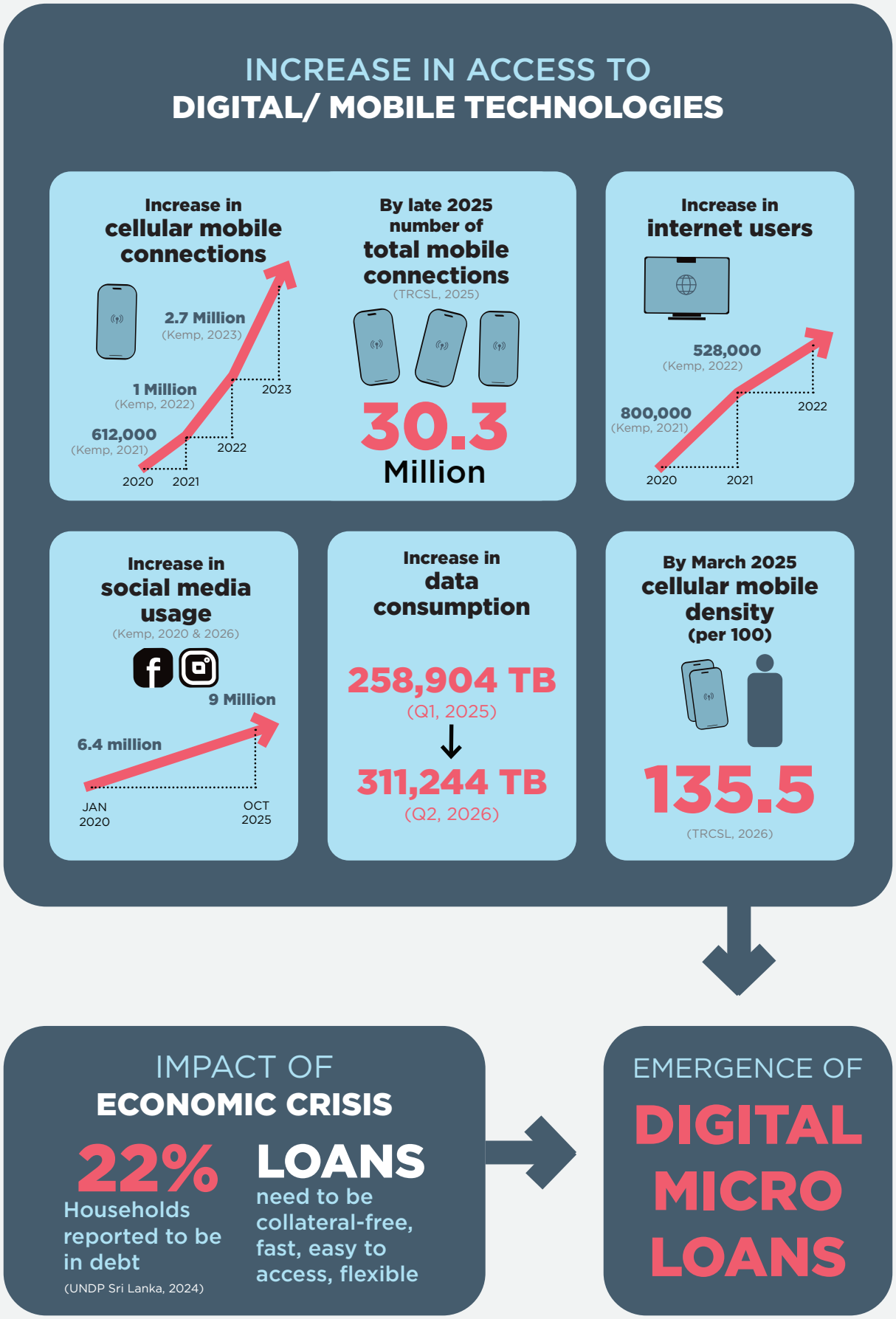
A type of digital financial service, digital microloans are a growing subset of alternative digital lending services. These services are often characterised by the following[15]: short-term, low-value products with high fees; being accessible remotely via digital channels; rapid approval and conducting credit scoring that leverages alternative credit data. These loans are delivered through digital channels such as mobile applications and websites, and are heavily promoted and advertised through social media and mass SMS campaigns.

Refer Annex A: 'Understanding Digital Microloans' for a fuller explanation

The report is organised as follows: the first section explores who uses these services, why they approach them and how these loan services acquire potential borrowers. The next section outlines borrower experiences, highlighting the financial and non-financial impacts these loans and the associated recollection practices have on borrowers. The report next analyses the transparency of these services, their terms and conditions, privacy policies, and data collection practices. It then maps Sri Lanka's digital micro-lending landscape, examining the ownership, interconnectedness and operations of major providers. Finally, it identifies existing regulatory gaps and proposes policy recommendations to strengthen oversight, consumer protection and digital governance. The study also includes a brief note on borrowers' resistance against the practices of these companies.

[15] Gian Boeddu et al., Consumer Risks in Fintech - New Manifestations of Consumer Risks and Emerging Regulatory Approaches (World Bank, Ministry of Foreign Affairs of the Netherlands, 2021), https://documents1.worldbank.org/curated/en/515771621921739154/pdf/Consumer-Risks-in-Fintech-New-Manifestations-of-Consumer-Risks-and-Emerging-Regulatory-Approaches-Policy-Research-Paper.pdf.

Figure 1: Conditions underpinning the growth of digital microloans in Sri Lanka

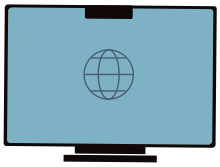


2. METHODOLOGY

This study employed a mixed-methods research approach to explore the lived experiences of the borrowers of digital microloans and the nature of the operations of these services in Sri Lanka. This included 39 interviews with borrowers, and a desk review of loan services (including their promotional methods, terms and conditions, privacy policies, etc.).



Qualitative Interviews: The research team conducted 39 semi-structured qualitative interviews with borrowers. Purposive and snowball sampling methods were used to ensure representation of various perspectives and experiences. The sample includes borrowers from all over the island, of various socio-economic backgrounds, and using different loan services.



Desk review of loan services: This component included analysing the terms and conditions, privacy policies, website content, Facebook advertisements and promotional SMS texts of seven prominent digital microloan services in the country. These services were selected based on usage frequency reported by interviewed borrowers. The analysis comprises only content in Sinhala and English, even though content is also available in Tamil. Facebook advertisements were acquired via keyword searches done on Meta's Ad Library. Text messages, received between January 2022 and April 2026 as a result of the researcher's use of a local mobile phone number, were also used. These messages were identified through a systematic review of the researcher's personal message inbox, with relevant communications from digital microloan services logged into a structured data register.



Brief documentary analysis of social media content: This component contains analysis of identified public Facebook groups and pages organised around resistance to digital microloan companies. This data should be understood as illustrative and corroborating rather than exhaustive: it captures observable patterns of resistance activity but does not claim to represent the internal dynamics, demographics, or lived experience of group membership in the way a sustained ethnographic engagement would. Screenshots were selected for their representativeness of recurring themes identified across groups, and all quoted material has been translated by the researcher from Sinhala to English.

3. BORROWER PROFILES AND EXPERIENCES

3.1 Who is borrowing and why?

Interviewed borrowers represented a cross-section of socio-economic groups and occupations, from daily-wage earners to business owners, teachers, homemakers and more. This is reflective of the broad demographic reach of these services within the country.

Borrowers accessed digital microloans for a range of purposes, broadly falling into two categories: recurring expenses and sudden, unexpected expenses. Some recurring expenses included children's expenses, household expenses, paying off utility bills (electricity, water and gas), rent and vehicle leases. Close to a third of loans were taken to fulfil daily household needs. More than half of borrowers expressed that they borrowed for sudden or unexpected reasons; these included illness (either their own or a family member's), setting up or developing one's business, or household repairs. 15% of borrowers stated that they approached these companies to borrow money to pay off other loans that had been obtained by pawning gold jewellery, borrowing from friends or family, or through informal credit systems.

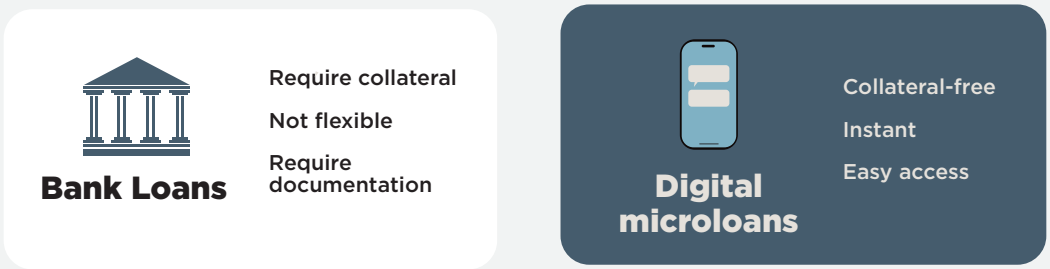
3.2 Why formal credit was inaccessible

Findings point to a pattern of factors that lead to borrowers being excluded from accessing formal, regulated credit systems, such as banks, and pushed towards digital microloans. Borrowers shared that banks are often too slow and laborious in approving loans during emergencies and time-sensitive situations, and often require borrowers to spend days at the bank to get loans approved. As one respondent shared:

> *"By the time we get the loan [from the bank] the patient is already dead."*

One respondent shared how they had to resort to obtaining digital microloans, despite banks having a much lower interest rate, because the former provides loans more quickly. Borrowers also stated that banks' need for collateral, such as gold or property, against which a loan could be obtained, also excluded them from being eligible to receive credit. Some borrowers stated that the need for certain documentation, such as proof of permanent income, which they lacked, precluded them from approaching banks for their needs.

Figure 2: Comparison between traditional banks and digital microloans



3.3 How borrowers came to these services

A vast majority of the borrowers of digital microloans were identified to be incidental borrowers - those that had only a vague or latent need for a loan, and were drawn in by the advertising promises made by the SMS messages and the advertisements seen on social media. 22% stated that their exposure to these services through social media or SMSs predisposed them to rely on these services for credit facilities. This makes it difficult for many borrowers to draw the line between being pushed towards these services and being pulled into them .

3.4 How do loan services acquire borrowers?

Analysis of the SMS messages sent to borrowers, as well as social media ads on Facebook targeting borrowers, shows language, content and tactics meant to entice borrowers. Content analysis of the SMS messages shows consistent use of language that highlights the speed with which loans may be obtained. These include specific references to how fast loans may be obtained; for example, *"Vinadi 5kin"* (in 5 minutes), *"Minittu 7 kin"* (within 7 minutes), *"Winadi 10 yakin"* (in 10 minutes), *"kshanika naya"* (instant loans), *"kshanika online naya"* (instant online loans). The language also includes language that implies urgency, such as *"danma"* (now), or *"adama"* (today). Messages may also include language that indicates low interest rates or the lack of interest altogether; for example *"Winadi 10 yakin Rupiyal 120 000 poli rahithawa labaganna"* (Get a loan of Rs 120,000 without interest within 10 minutes). Messages also implied ease of process; for example, *"Amathara yomu kirimak nomaetiwa kshanika naya"* (An instant loan without additional referrals). Messages also coincided with long weekends and major holidays such as Sinhala and Tamil New Year.

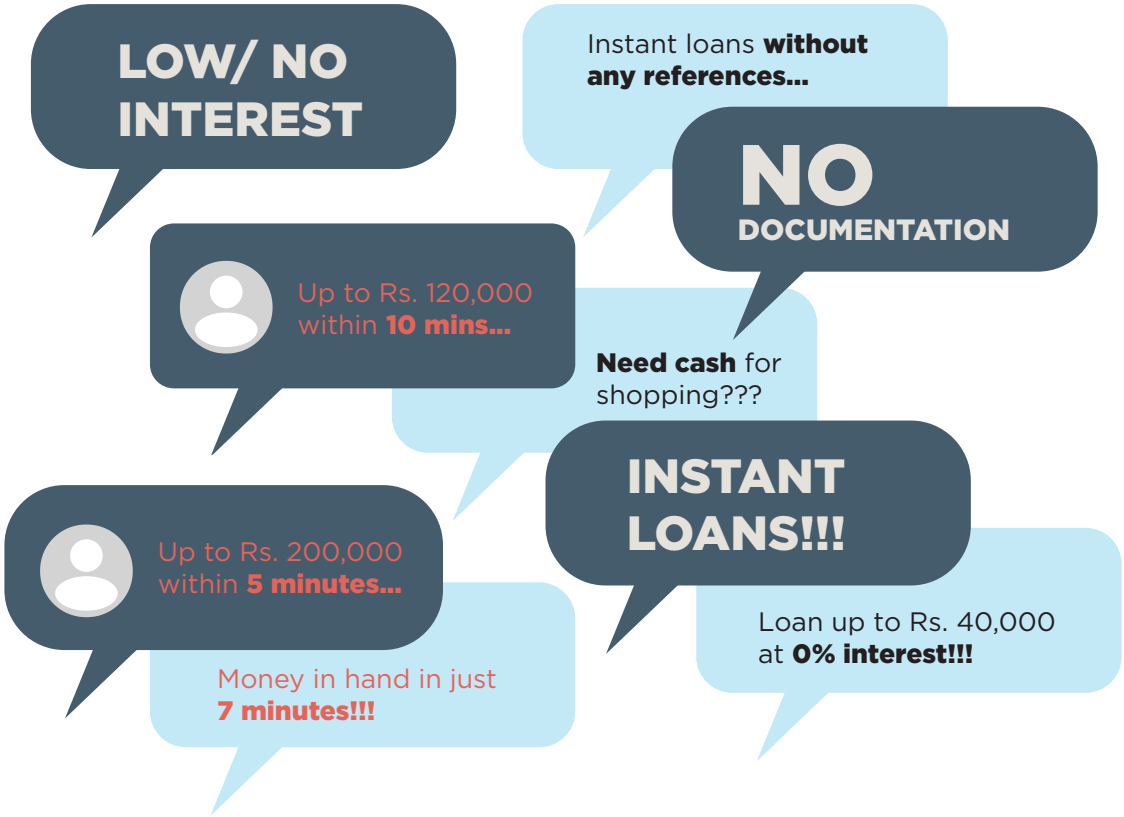
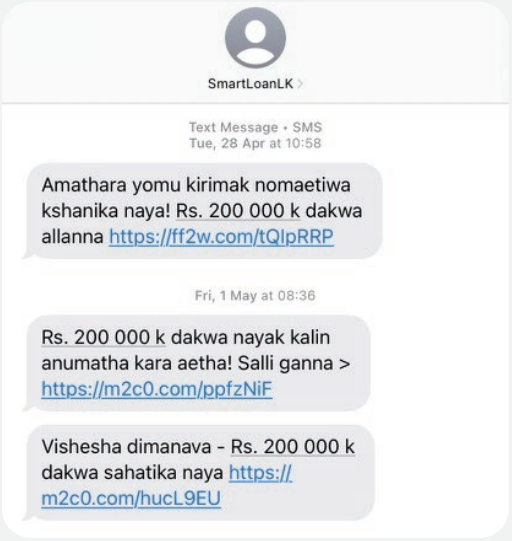


Figure 3: SMS messages received from loan services



Translation:

Get instant loans without any further references. Apply for up to Rs 200 000.

You have requested a loan up to Rs 200 000. Take your money.

Special offer - A sure loan for up to Rs 200 000.



Translation:

Get up to Rs 200 000 easily in 5 minutes. Choose your loan.

Money in your hand in 7 minutes! Get Rs 200 000 now.



Translation:

Go on avurudu shopping! Need Cash? Get a salary before your salary from Loanme!

Up to 40,000 within 5 minutes.

Source : Unsolicited promotional SMS messages from digital lending platforms, received by the researcher (personal archive). Messages received without prior engagement with the named services.



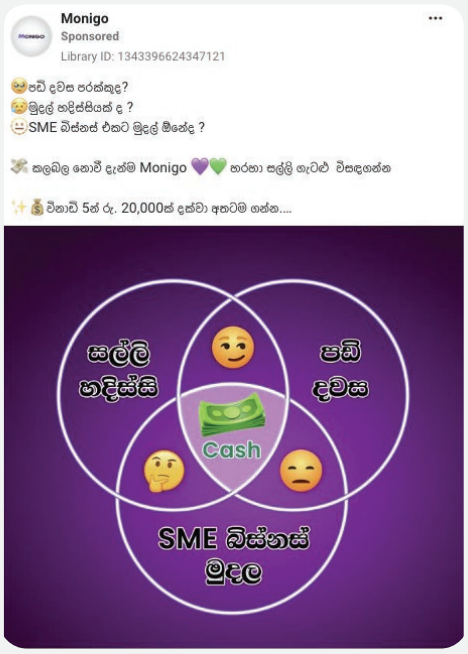
Translation:

A long holiday is just around the corner!!! A loan up to 40,000 at 0% interest! Pay back when you get paid.

Apply now.

Facebook Ads were found to use the same kind of language used in SMS messages. However, with Facebook Ads, services have the ability to use both text and visual cues to entice potential borrowers. As observed in Figure 4 below, use of language that implies the speed at which loans might be obtained (*"විනාඩි 5න් "*-In 5 minutes) is evident. The caption refers to particular circumstances in which cash might be necessary for the borrowers, e.g. late payday, an emergency expense, or the need for cash to fund a small or medium-sized enterprise. The ads are also able to use more elaborate colloquial language as well as emojis, as they are not limited by the character count imposed by SMS messages.

Figure 4: Ad from Digital Lending Service named *Monigo*



Source: Facebook Ad Library, accessed 28 April 2026

Figure 5: Ad from Digital Lending Service named *OnCredit*

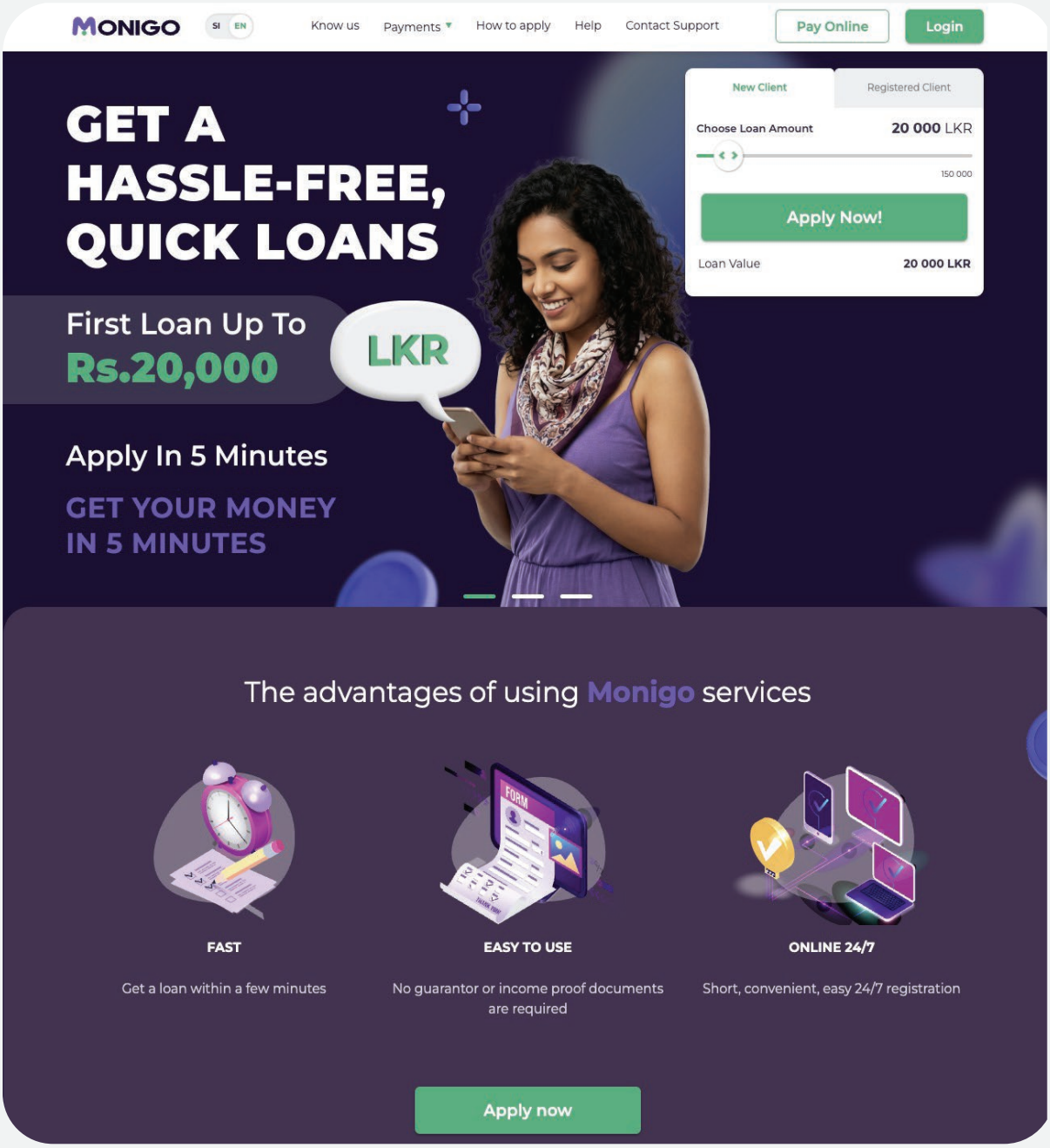


Source: Facebook Ad Library, accessed 26 April 2026

As seen in Figure 5, companies use both Sinhala and English to relay information to potential borrowers about the loans. It reflects the same pattern, using language implying urgency and speed ("prompt service", "Need cash quickly", *විනාඩි 5ත්* (within 5 minutes)) as well as language referring to the lack of interest (*පළමු වාරිකය සඳහා පොලිය 0%* - 0% interest for the first instalment).

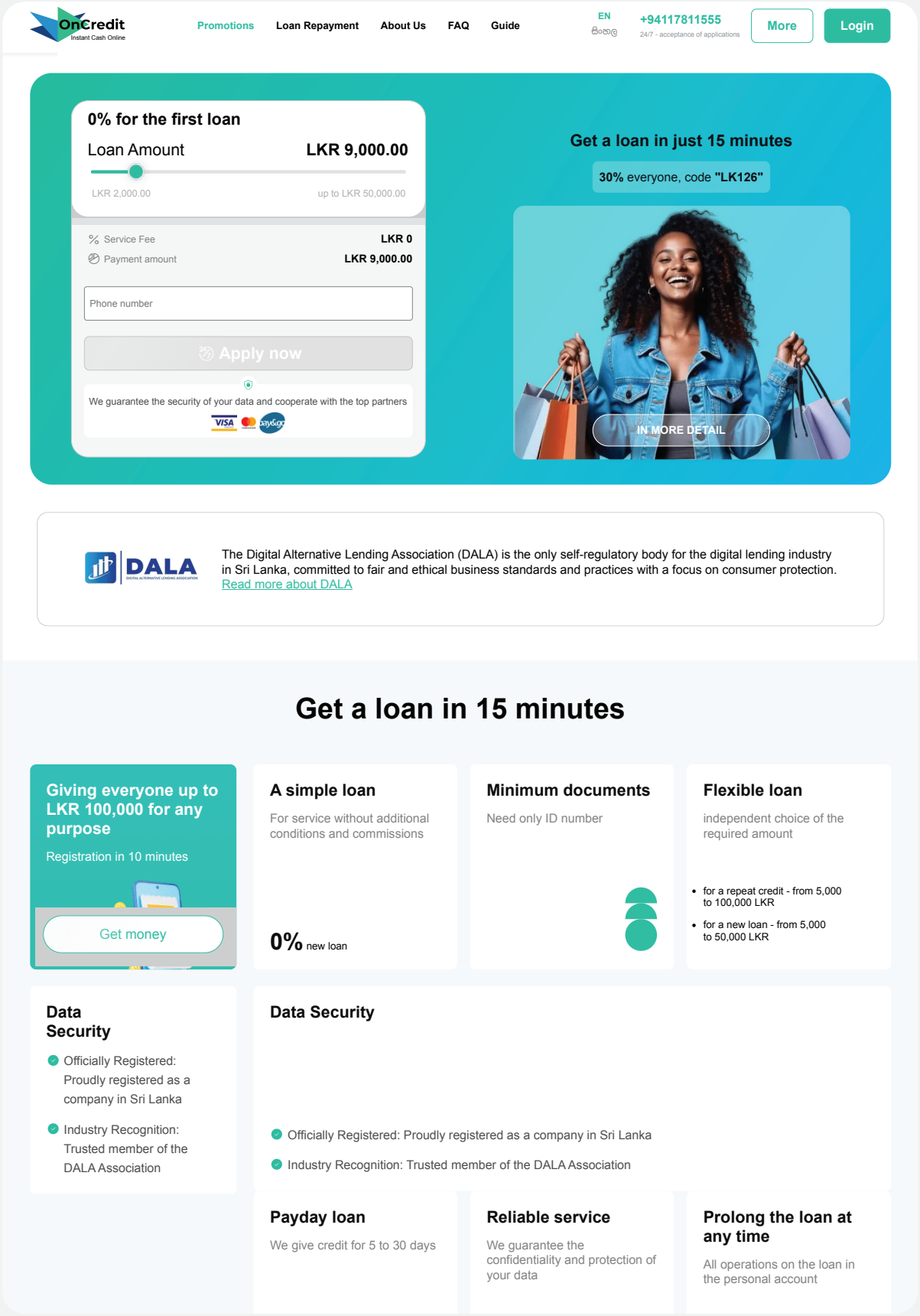
Company websites also use similar language, but are able to provide more advertising material as they are not constrained by space and other limitations on social media sites and SMS messages . Websites were available in English and Sinhala. Only one of the sites reviewed (*Loanme*) was available in English, Sinhala and Tamil.

Figure 6: Landing page of *Monigo* (in English)



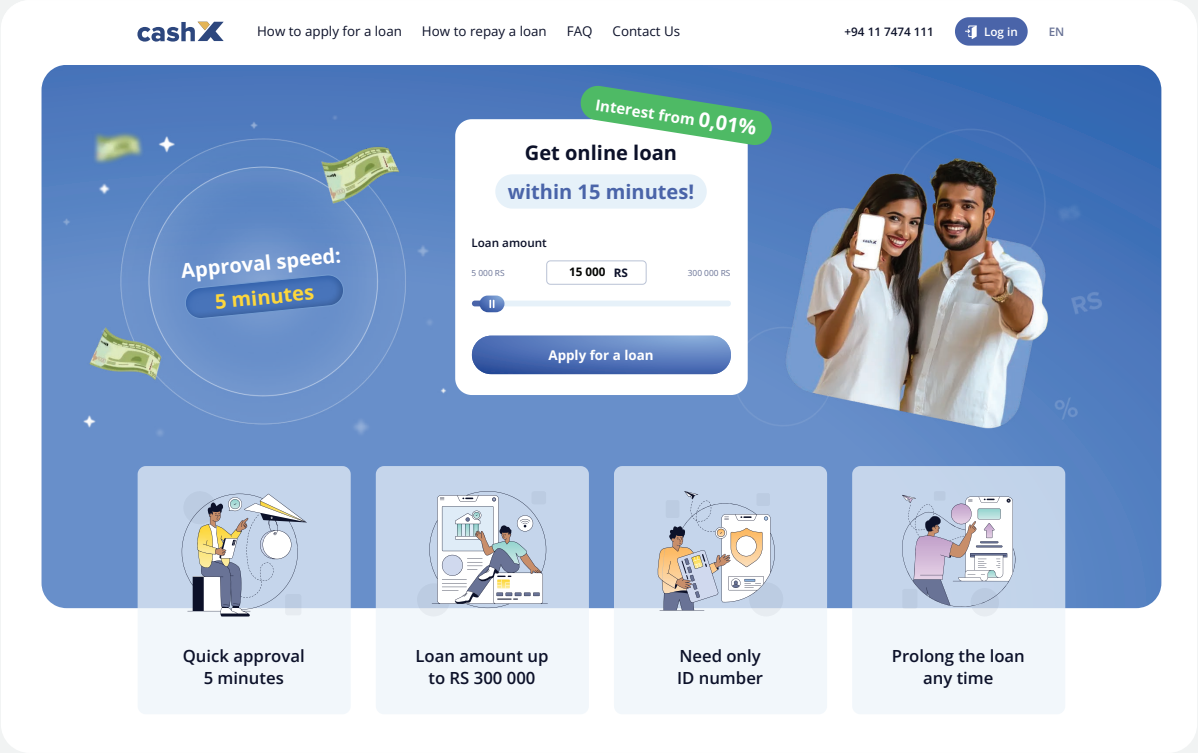
Source: Screenshot taken by researcher, accessed 11 May 2026

Figure 7: Landing page of *OnCredit* (in English)



Source: Screenshot taken by researcher, accessed 11 May 2026

Figure 8: Landing page of *CashX* (in English)



Source: Screenshot taken by researcher, accessed 11 May 2026

As seen in Figures 6, 7 and 8, websites serve to reinforce and expand on the key messages of *"low/no interest"*, *"no documentation"* and *"quick/instant loans"* that services advertise using their SMS messages and social media advertisements. They also introduce new messages that attract potential borrowers, including the introduction of discounts and referral systems.

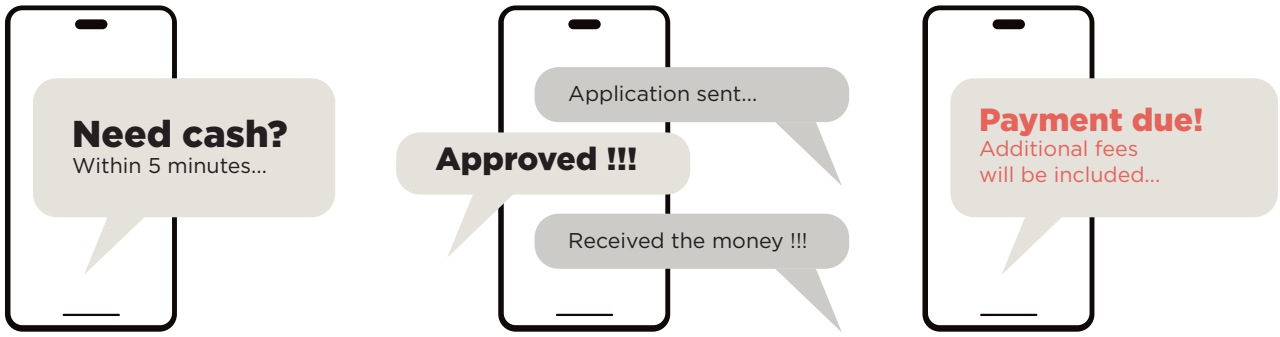
These website features, combined with the targeted messaging seen across SMS and social media, suggest a coordinated marketing strategy designed to reach and appeal to as wide an audience as possible. It seems that the marketing of these services are informed by the needs, vulnerabilities and the circumstances of potential borrowers, as evident from the convenience and speed which the services advertise heavily.

However, more than half of the interviewed borrowers did not believe that they were being targeted specifically, stating that many other people in their community receive similar messages and advertisements. 15% of the respondents believed that they were targeted on some specific basis, including being part of a contact list that was extracted by one of the loan services, or being a repeat borrower. None of the respondents expressed concern about being specifically targeted on any other basis.

4. BORROWERS' EXPERIENCES

This section examines the consequences borrowers face when they are unable to repay digital microloans on the terms imposed by service providers.

It must be reiterated that the aforementioned practices exist and persist, not in a vacuum, but within the already precarious economic conditions that borrowers face. When borrowers agree to terms and conditions they do not understand and share sensitive information with a system that operates within a regulatory black hole, this not only deepens their pre-existing vulnerability but also exposes borrowers to a host of new risks. The cost of reliance on these services extends beyond being purely economic, and becomes deeply personal, social and communal, and at times, even professional.

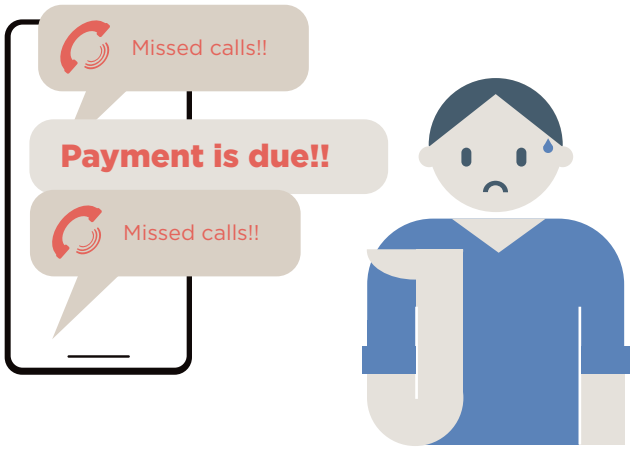


These services are often not transparent about how interest rates and additional fees, including late fees and additional interest, are calculated. As such, interviewed borrowers shared that they were forced to pay exorbitantly high additional fees when there was a shortfall of payments. Respondents also shared instances in which the services would contact them after they were given the impression that debts were settled to demand more money, citing improper, late or missed payments. The gap between the original shortfall and the final demand can be extreme:

> *"I paid my loan in two instalments, but there was a shortfall of Rs 300. I had requested the officer who contacted me via WhatsApp to tell me how much I had to pay, but he did not respond. However, after about a year, an officer of the company announced that I had to pay more than Rs 100,000 to that company. I asked him how that was so, and I was told that this amount had been formed by adding interest to the shortfall. I told him that I did not have such a large amount to pay and that I would not pay such an amount. I told him to file a lawsuit if he wanted."*

Respondents shared how any requests for relief - to pay the amount in instalments or to have more time to repay - were not accepted. Failure or delay in repayment was met with an array of predatory debt collection practices; all interviewed respondents share that they receive constant, daily phone calls from these services demanding repayment. Respondents describe the language used by the agents in these cases to be "obscene", "humiliating" and "threatening". Agents threatened borrowers with punitive interest, lawsuits, police involvement and visits to their homes.

Respondents also shared that it becomes impossible to ignore these phone calls, as service agents escalate their actions to disrupt borrowers' personal and professional lives and relationships in order to force repayment and response. Borrowers reported that guarantors presented for the loans taken had been harassed and threatened. Guarantors and those who had offered collateral were threatened with legal action, in one case through an anonymous letter.



Respondents also shared how agents use various means - phone calls, letters, social media - to defame the character and reputation of borrowers when they fail to or choose not to repay the amount. Agents contacted friends, family and relatives to label borrowers as fraudsters, including through Facebook messages and, in one case, by circulating a borrower's daughter's photo alongside defamatory claims. Several accounts involved fabricated allegations of extramarital affairs. Workplaces were also called, in some cases so often that continuing to work became difficult.

> *"I received about 50-60 phone calls a day, threatening me to repay the money. If I do not respond to those phone calls, they call my friends, family and relatives and say that I am a fraud and make various statements that tarnish my reputation - they said that I am having an extramarital affair."*

The effects of this harassment are both financial and social. To remedy the constant harassment, borrowers make a trade-off against their long-term financial security by borrowing more, oftentimes from other microloan services or by pawning personal items, to pay off their current loans as soon as possible.

> *"I took out a loan to cover the shortfall in the vehicle lease instalment. It was difficult to pay all the money taken within seven days at once. But due to the strong insistence of the service agents, I had to take a loan from another company again and pay-off the previous loan. In the end, I had to pay more interest than the amount taken to get rid of all the debts."*

The spill-over of harassment from the borrowers to their families, friends and places of work also has far-reaching consequences. The harassment has also cost borrowers their personal and social relationships. False allegations also reached spouses, causing conflict within families, and the pressure on guarantors strained or ended friendships.

> *Because I was late in paying the loan, they called the guarantor I had presented and threatened to file a case against him. The actions of these companies have even caused me to lose that friendship.*

Interviewed borrowers also shared how they have been under significant mental turmoil due to this harassment, both due to the calls themselves and the reputational harm following service agent calls to their family, friends and places of work. One borrower, whose employer, husband and children's teachers were all contacted, said she decided to take her own life before her family intervened. Another described severe depression after her workplace was called.

The scale of this psychological harm extends beyond individual interviews; public Facebook groups mobilising tens of thousands of affected borrowers contain similar disclosures of distress, suicidal ideation, and appeals for help, suggesting that the experiences documented here are neither isolated nor unusual (see Annex B).

Respondents also shared how the mental torment has crippled their ability to work, creating a further ripple effect on their financial insecurity. Borrowers said the pressure prevented them from running their businesses properly, and knew of others who had closed businesses they had borrowed to finance. One described a friend who left his job, withdrew into isolation and was reportedly receiving treatment for a mental illness.

There are also other inconveniences that borrowers face due to this harassment that affect their day-to-day lives. One borrower described a friend who moved her child to another school out of shame after the child's teacher was called. Others avoid calls from unknown numbers altogether, even when their children may be trying to reach them.

> *Sometimes, I do not answer calls from unknown phone numbers because of this. Sometimes, when my children go to school and call me on various phones to give me messages, I do not answer those phone calls because they may be from the company that took the loan from.*

These harms have driven organised community resistance, both online and offline, including protests, press conferences and engagement with political representatives (see Annex B).

5. WHAT BORROWERS DO NOT KNOW: OPACITY, CONSENT AND DATA EXPLOITATION

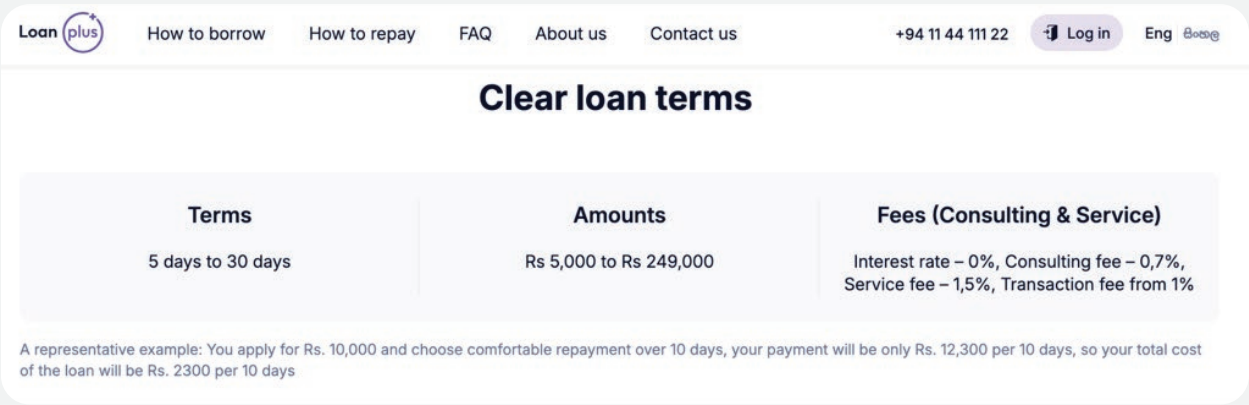
This section examines the significant information asymmetries between digital microloan providers and borrowers, focusing on what borrowers are not told, cannot easily understand, or are unable to meaningfully consent to. For this purpose, it considers the terms and conditions of borrowing put forward by these service providers as well as the extensive collection, use, sharing and retention of borrowers' personal data.

5.1 Opacity, Hidden Terms and Informed Consent

There are clear disparities between the information these services make available, accessible, and transparent to potential and existing borrowers, and the information they extract, collect, use, and store about those borrowers. The biggest concern about these services, as expressed by the interviewees, is the inability to calculate the interest rates on the loans received.

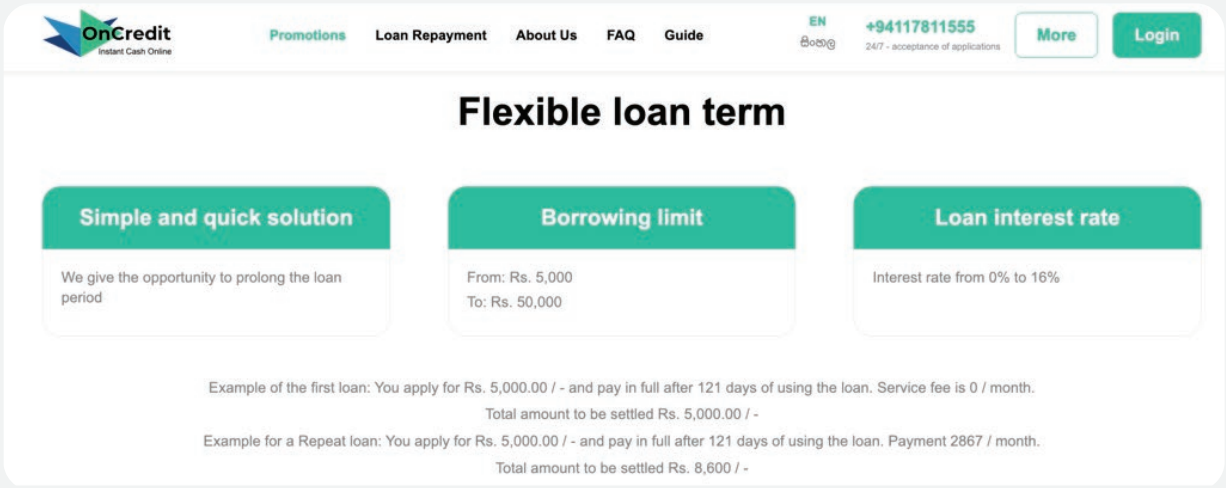
Responses from borrowers showed that even though they were informed that their loans would be interest-free, the service charges and late fees imposed by the companies served as a de facto interest. Analysis of the information provided on the websites and the terms and conditions found that this information was vague. Websites would only contain percentages (at times with ranges) of what the rate might be for the different types of fees, often with an example for the lowest amount that may be borrowed. However, they would not contain any accurate way of calculating the total amount payable within the repayment period in a way that was clear or accessible to the borrower (see Figures 9-12).

Figure 9: Loan terms as presented on *LoanPlus* (in English)



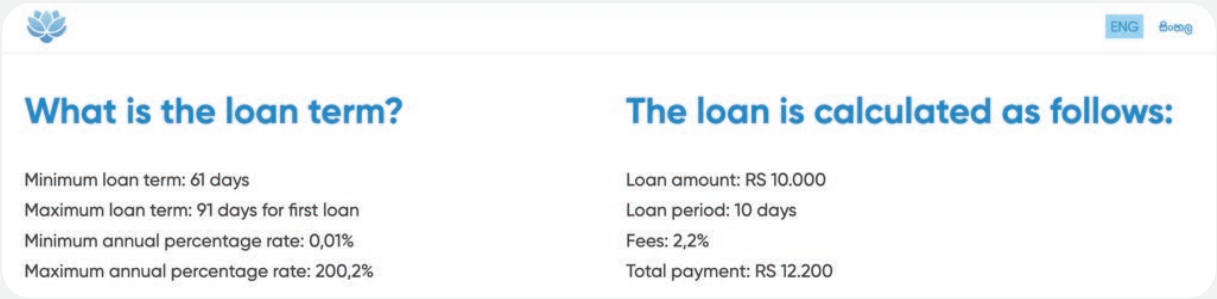
Source: Screenshot taken by researcher, accessed 12 May 2026

Figure 10: Loan terms as presented on *OnCredit* (in English)



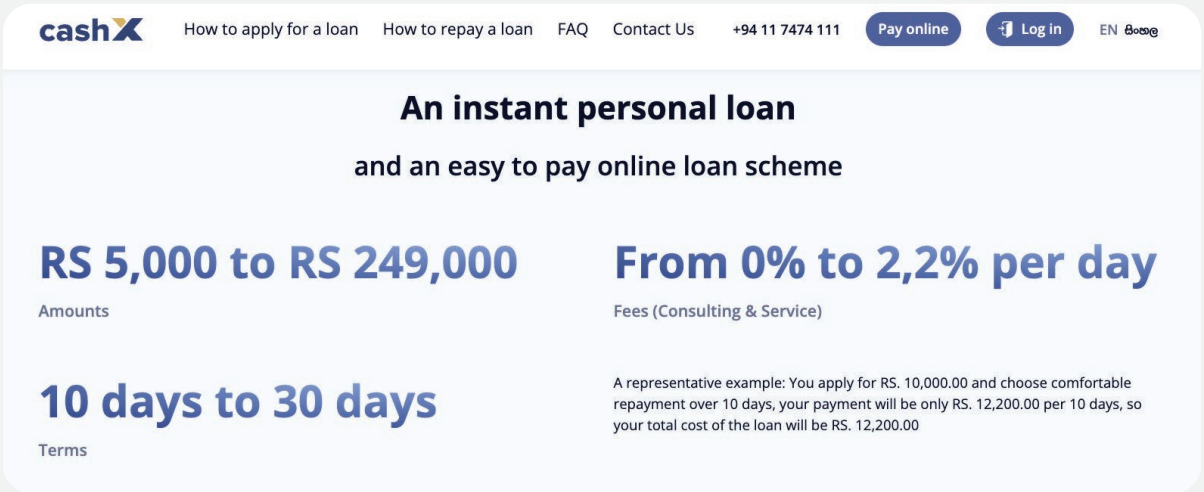
Source: Screenshot taken by researcher, accessed 11 May 2026

Figure 11: Loan terms as presented on *Lotusloan* (in English)



Source: Screenshot taken by researcher, accessed 11 May 2026

Figure 12: Loan terms as presented on *CashX* (in English)



Source: Screenshot taken by researcher, accessed 11 May 2026

As revealed from the interviews, service agents would also be unhelpful in aiding borrowers to understand how interest/ late fees are calculated/accrued, often only mentioning the final amount due for payment when inquired.

> *"No mention is made of an interest rate. [The service agents] only say "This is the amount that has to be paid", which is more than the amount received. We cannot imagine the rates. The process by which the borrower has to pay, and the time within which the loan has to be paid, is disclosed before the loan is taken. We do not get a chance to discuss and debate with them about those matters. We can only agree or disagree with them. If we agree, the loan is approved; if we do not agree, the loan is rejected."*

One interviewee shared how they had paid an interest of Rs 4,500 for a Rs 9,000 loan, while another paid Rs 1,300 for a Rs 5,000 loan. Another respondent shared that they had paid a service fee of Rs 3,500 for a loan of Rs 5,000. In one case, the final repayment amount was only communicated to the borrower after the loan had been disbursed to them, not beforehand. All respondents stated that they were not given the opportunity or ability to negotiate the terms that were presented to them by the service agent.

The services' websites, terms and conditions, and privacy policies were also unclear, and at times inaccessible. Only one website of the seven reviewed was available in Tamil. Out of the reviewed websites, only two websites had the terms and conditions available in Sinhala, and only one had them available in Tamil.

The services also made little effort to draw attention to the terms and conditions and the privacy policy on their website, often appearing at the very bottom of the landing page, or next to a checkbox that borrowers must tick when agreeing to a loan on the website. This means that borrowers often miss conditions that are pertinent to the loan: for example, *OnCredit*'s landing page states that interest rates range from 0% to 16%; it is only in the terms and conditions that it is mentioned that borrowers accrue a fee of 2.5% per day as late fees. In the case of *Fino/Monigo/Loanme,* the late payment fee of 10% of the unpaid principal is charged every few days after the due date.

Terms and conditions and privacy policies also contain many other unusual and concerning provisions which could have serious repercussions on borrowers and the loans that they take. For example, *OnCredit* is able to automatically extend ("prolong") overdue loans, potentially an unlimited number of times, while charging additional service fees, variable prolongation fees, and penalties that continue to accumulate over time. *CashX*'s terms and conditions state that, in the event of a requested loan amount not being approved, they reserve the right to disburse a lower loan amount without the explicit consent of the borrower. In such a case, the borrower has 72 hours to return funds unused or rejected in writing; failure to do so constitutes acceptance of the loan under new conditions. *LoanPlus* obliges borrowers to consent to contact and receive communications via telephone, email, postal mail and in-person visits. It also mentions that by using *LoanPlus* and agreeing to its terms and conditions, borrowers are authorising the company to directly withdraw money from their bank account without needing any additional permission in the future.

A further recurring concern across services' terms is the manipulation of consent - both in limiting borrowers' legal options and in determining what constitutes a binding

agreement. Some terms explicitly prevent borrowers from bringing disputes regarding the terms before a court of law. In the case of *Monigo, Fino* and *Loanme*, which share the same set of terms and conditions and privacy policies, the terms stipulate that entering or using the verification code sent by SMS is treated as the borrower's electronic signature and acceptance of the agreement (See Figure 13). It also states that the borrower is automatically bound by any notices sent by the lender or its partners through SMS, WhatsApp, or email, and that receiving these messages is treated as a formal acknowledgement of the information they contain. This is deeply problematic, as borrowers might not be able to comprehend that an SMS code or a WhatsApp message carries the same legal weight as signing a contract.

Figure 13: Loan terms as presented on CashX (in English)

F. This Agreement shall be governed by the Electronic Transactions Act No.19 of 2006 as amended by the Electronic Transactions (Amendment) Act, No. 25 of 2017. The Verification Code received by the Borrower via short message service (SMS) (hereinafter sometimes referred to as the "Verification code") shall be the electronic signature of the Borrower as his ACCEPTANCE to the Agreement herein.

Source: Screenshot taken by researcher, accessed 5 August 2026

These inconsistencies, taken together with several other factors - including the failure to provide terms and conditions and privacy policies in local languages, the lack of clear and accessible disclosure of these documents, which can contain deeply problematic clauses, and limited transparency around final repayment amounts - raise serious concerns about whether borrowers are genuinely able to make informed decisions about the loans they receive or provide informed consent. It must be reiterated here that more than half of the borrowers who approached these services did so to cover unexpected expenses, such as personal illness, which required urgent cash. As such, in addition to these vague terms, the circumstances in which borrowers might approach these services might also preclude them from taking the time to read and understand the terms and conditions they are agreeing to. As articulated by one respondent:

> *"Even though they say that they do not charge any interest, we had to pay more than the amount we got to get rid of the debt. That means they do charge interest. But based on the amount they say, we cannot understand what the interest rate actually is. Sometimes I wonder if they are charging interest at their discretion. No matter what the problems were, I agreed to everything to get money for our financial needs."*

5.2 Data Collection and Privacy

Companies also extract, collect, and store a significant amount of data from borrowers, with limited explanation as to the necessity or purpose of such collection. Interviewees reported that, in addition to their personal details, occupation (including monthly income, place of employment and phone numbers of employers), National Identity Cards (NIC) and reasons for obtaining the loans, they were required to submit their personal social media accounts and details of guarantors. This information is then subsequently verified via a video call taken via WhatsApp, a live photograph or a selfie, all while holding one's NIC.

> *By accessing the link in the advertisement published on social media, our name, address, phone number, occupation, monthly income, reason for taking the loan, bank details, and national identity card number are saved. They also contact us through a video call. They check whether we are the same as our identity card. When taking the loan, we must also provide the phone numbers of two guarantors. After providing all this personal information, the loan amount is credited to the account very quickly.*

An examination of the Google Play Store permissions requested by the applications of the loan services reviewed for this study showed that they collect a wide range of user data. While all apps collected personal information, more than half required permission to access users' photo and video gallery, files and documents, and "financial information" such as "user payment information [and] credit score". In addition, three out of seven required access to device information, app activity and device location. One also required permission to access users' contact lists. Interviewed borrowers shared how people in their contact lists, whose information was not shared with the loan services, were called upon delays of payment; they assume that such contact was made by accessing borrowers' phone.

> *I think that when someone takes a loan from these companies, they require permission to access all aspects of a person's phones. So, if we ever call a person who has taken a loan at some point, these companies are going to get our phone numbers since they are recorded on this phone.*

> *When we take loans, our phones are hacked. So, if a borrower fails to repay the loan, they call the numbers on the phone and say that the person being called has been mentioned as a guarantor on a loan, that the loan has not been repaid yet, and that they are filing a lawsuit.*

Due to the limitations of the Play Store itself, the only rationale ascertainable for the collection of this information is for "analytics purposes", "app functionality", "fraud prevention" or for "security and compliance". Services may also extract information about borrowers from third parties; as detailed in *Fino*'s privacy policy, the company also extracts information from credit bureaus, private or public anti-fraud, anti-money laundering and counter-terrorism databases, private or public indebtedness databases, state information systems, banks at which the borrowers are registered, remote identification tools and website cookies.

Privacy policies set out the specifics for which this information is used; services elaborate that all such details are used to identify borrowers, perform credit verification and to conform with statutory requirements (without detailing what those statutory requirements exactly are). Some other such purposes include offering surveys and promotions and marketing (*CashX*), collecting delinquent accounts (*CashX*), providing customer care and services (*CashX*), raising and pursuing legal claims (*Fino, Monigo* and *Loanme*), assigning claims to other creditors (*Fino, Monigo* and *Loanme*), exercising and protecting the company's interests (*Fino, Monigo* and *Loanme*) and research, analytics

and statistics (*Fino, Monigo* and *Loanme*). While some of these rationales could be justified as a basis for assessing the creditworthiness of a potential borrower, it should be noted that vague and wide reasons, such as "research analytics" and "statistics", as well as the provision of non-essential services such as marketing, should be better justified, or at minimum, qualified and made opt-out eligible. However, by adding a requirement for blanket consent for all these terms to be eligible for a loan, the service coerces borrowers to opt in for services and extractions that they might not require or want. For example, *CashX* requires permission to access borrowers' SMS logs, stating, "Access to SMS information is optional. An option to grant the permission may be made available to you and you can choose to grant or deny permission. Your refusal of permission will mean lack of SMS information and inability to assess your risk and credit on our part".

Furthermore, services' terms and conditions and privacy policies seem to indicate that they are inadequate, and at times, evasive in their responsibilities to their borrowers in handling, sharing, retaining, and securing their data. Almost all of the Google Play Store applications reviewed allow for the sharing of information with third parties for the purposes of analytics, app functionality, fraud prevention, security and compliance. Authorisation is deemed mandatory in companies' terms and conditions and privacy policies as well. For example, Section 9.4 of OnCredit's Loan Agreement obligates borrowers to authorise the company to share their "home and work geolocation with any third party *OnCredit* deems fit". *Fino*'s privacy policy obligates borrowers to "expose [their] personal data to any third party for carrying out analytics to understand how [they] use Company's or any third party's services". It also mentions that while they mainly process data within Sri Lanka, data "may be transferred to a recipient outside Sri Lanka "for processing activities". No further information is mentioned in the privacy policy in this regard, and it advises borrowers to contact the company for more details. CashX mentions that they would not "sell or rent" borrowers' information, but may share it with companies and individuals that "facilitate" their service to "perform service-related services", without specifying what these actually entail.

Figure 14: Information collected by digital microloan services



Only one out of the seven companies reviewed mention a specific time period for which borrowers' data might be retained, while the other services either mention a publicly inaccessible "data retention policy" which guides the retention period or do not mention data retention periods at all. A majority of the services, however, do refer to borrowers' right to access and delete their information, often by written notice. However, these rights are qualified; *Fino* states that the rights of "data subjects" (a very suggestive term used in the privacy policy for borrowers) vis-à-vis their data - including the right to access, to be informed of processing, to delete personal data, and to request the company to refrain from further processing - are 'not absolute'. It also requires subjects to provide "a physically signed application" to the company's address to be able to exercise this right. *LoanPlus* states that requests to delete may not be honoured "due to specific legal reasons, or as required or authorised by applicable law and the Personal Data Protection Act".

Services also evade data breach liability. *CashX* states, for example, "The security of your data is our priority & important for us, however, no method of transmission over the Internet, or method of electronic storage is 100% secure. Though we strive to practice commercially satisfactory means to protect your Personal Data, we cannot assure its absolute security." *OnCredit* states, "While we take these reasonable efforts to safeguard your personal information, no system or transmission of data over the Internet or any other public network can be guaranteed to be 100% secure."

Box 2: Legalities of the collection and use of personal data

The terms and conditions, as well as wider practices of these digital microloan services vis-a-vis borrowers' personal data, fall short of their obligations under the Personal Data Protection Act No 9 of 2022[16] (PDPA). This act sets forth the legal framework for regulating how organisations collect, store, use and share personal data, establishing both the rights of individuals over their own data and the obligations of those who process it.

The failure to clearly justify the requirement for certain types of data (for example, photo and video gallery, files and document storage, contact lists) might be in contravention of Section 6 (1) of the act, which requires data to be processed for "(a) specified ; (b) explicit; and (c) legitimate purposes". The Act also stipulates that data collected must be (a) adequate, (b) relevant, and (c) proportionate to the purpose for which it is collected (Section 7(1)). It can be argued that access to one's phone storage and gallery, as well as the extraction of contact information of third parties who did not consent to be contacted at all, would not be considered adequate, relevant, or proportionate to the services provided.

The terms and conditions, as well as the privacy policies of the services, not being available in local languages, breach a number of provisions of the PDPA. It contravenes Section 11 of the PDPA, which stipulates that companies must provide information to data providers about the purposes for which data is collected, the right to withdraw consent, third parties with whom data might be shared, and information about cross-border transfer, retention period and more, in a manner that is "concise, transparent, intelligible and easily accessible". It also contravenes the Act's understanding of consent as "freely given, specific, informed and

[16] Personal Data Protection Act No. 9 of 2022, https://www.parliament.lk/uploads/acts/gbills/english/6242.pdf.

Box 2: Continued...

unambiguous" - a standard that is difficult to meet when information is not provided in local languages, and extends equally to third parties whose information is extracted via app permissions without their knowledge or consent.

Interviewed borrowers, despite being aware of the lack of transparency surrounding the extraction and sharing of their personal information, were not concerned about it. However, they were very troubled about the lack of transparency surrounding the services themselves. Interviewees expressed concerns about the inadequacy of information on the legality of these companies' services, their registration status with the government, and how interest, including the rates applied, is calculated. A small portion of the interviewed borrowers also stated that they took steps to inquire whether or not the addresses listed on the websites were accurate, following issues with the loans.

> *"In a problem that arose while dealing with these companies, I went to the mentioned location of the company. I found out that there was no such company in that place. I also learned from the neighbours that there was no such company in that place previously. Therefore, I couldn't obtain information about these companies. I later learned that these companies, although they were financial institutions, were not registered with the Central Bank."*



6. CASE STUDY

Ramani's story*

(*name has been changed to preserve respondent's anonymity)

> *"Taking loans from these companies is like holding a tiger by its tail, you will not have any respite. Because they charge such high interest rates, you won't be able to pay them back. At the end of it all, we become debtors and disgraced among our neighbours."*



Ramani learnt about digital loans from her friend. While she had seen posts on social media and received messages via SMS about these services , she had never felt compelled to approach them until, during one month, she could not cover the rent. Her husband, the only wage-earner in the family, was a day labourer, and because of the persistent rain across a number of days, he could not earn enough to cover the rent. She said that she could not get money quickly enough from the bank.

> *"If you want to get money quickly from the bank, you would have to pawn gold jewellery. There is no other way to get money quickly from a bank. You have to wait a long time for a loan."*

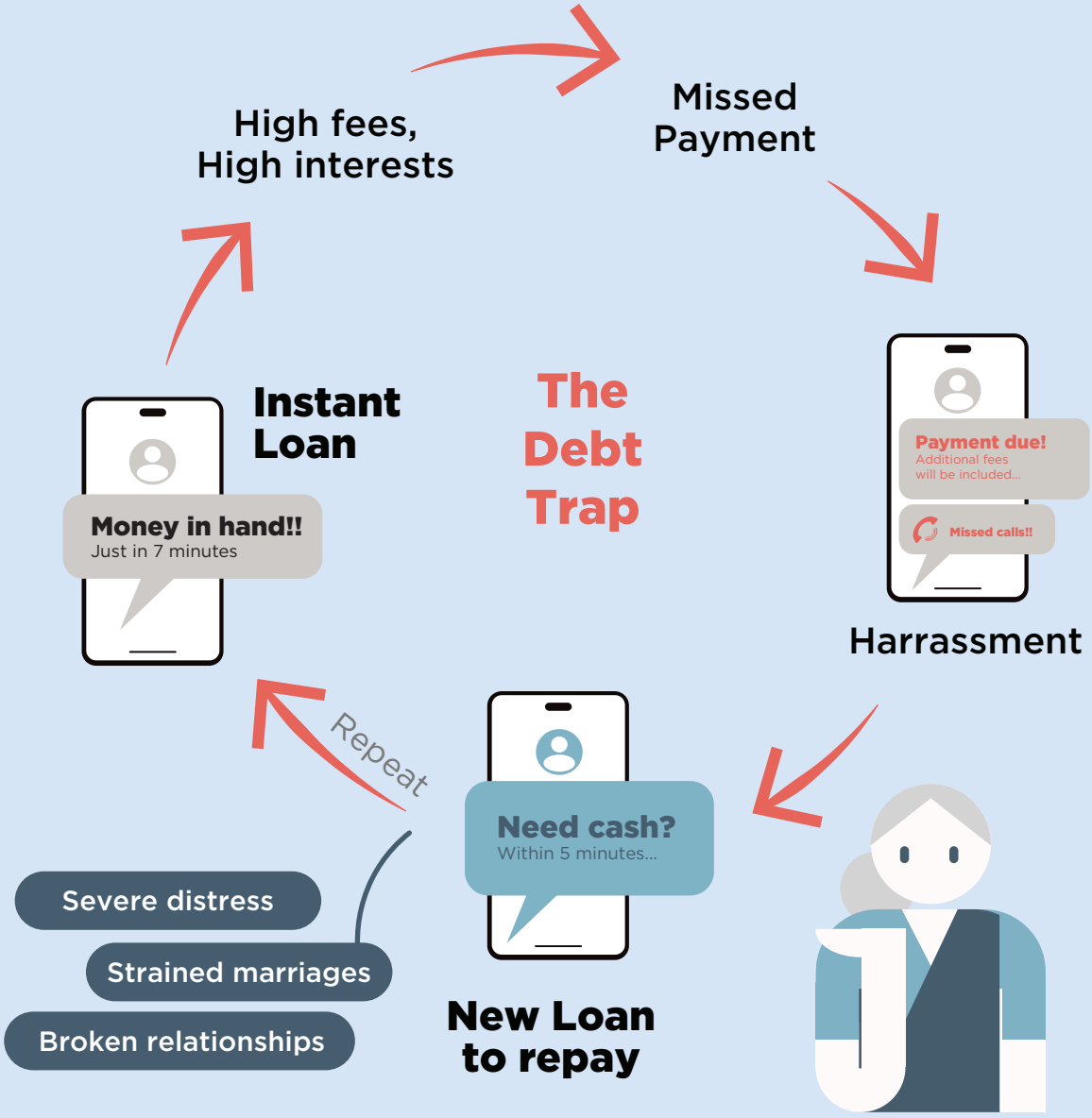
When she approached her friend, he told her about these loans. He also helped her to sign up for the service by entering her information through her mobile phone.

Ramani and her husband defaulted on the payment because her husband could not find work. She shared how she was shocked by how much her final payment amount was.

> *"They do not mention anything about interest. But the amount they take from us, saying it's a 'service fee', is actually interest. I don't know how they actually calculate the final amount."*

Ramani shared how the services harassed her to demand payment.

> *"They called me constantly and scolded me in such harsh language to tell me to pay them back. They got so many different people to call me. One company even showed up to our house and demanded payment, saying that if we failed, they would be coming back to our house with the police."*



Out of fear and unable to bear the intimidation, Ramani resorted to getting a loan from another digital loan service to pay off her first loan, and got into a debt trap.

Despite this, she says the services are essential for people like her.

> *"This is a good service because they give us money whenever we want. Whenever we have an emergency, these services are available to give us money. I think these services could be made better if they actually gave people some relief in how they get us to repay the loan. But, right now, the way they demand repayment is too oppressive."*

7. SRI LANKA'S DIGITAL MICRO LENDING LANDSCAPE

7.1 Ownership, Registration and Interconnectedness

This section turns to the entities operating behind them. Analysis of the interviews and desk research conducted by CSF revealed seven prominent digital microloan services available to borrowers. These are *LotusLoan, CashX. OnCredit, Monigo, Fino, Loanme* and *LoanPlus*. In order to enable easy reference and to assist with recognisability against international equivalents of such services, Figure 15 provides the images of the logos of these services.

Figure 15: Prominent Loan Services in Sri Lanka



Source: Company websites

Some of these services are interconnected and lead to each other (See Figure 16). For example, when one chooses to obtain a loan from *Lotusloan*, even though there is an existing separate website, it is redirected to the website of *LoanPlus*. While *Lotusloan* previously had a different developer, Zephyr Solutions, now both *LoanPlus* and *Lotusloan* have the same developer: AIS IT Consulting Services (Pvt) Ltd. Similarly, attempts to obtain loans from *Loanme* lead to *Fino*. *Loanme*'s initial developer was Digital Lending (Pvt) Ltd, but currently, *Fino, Monigo* and *Loanme* share the same developer, SF Group (Pvt) Ltd. *Fino* and *Monigo* also have very similar websites and advertising (See Figures 16 and 17). The services are also linked often to subsidiaries or brand names offered by Europe-based companies; *OnCredit* is a service provided by a Space Crew Finance Company based out of Kyiv, Ukraine[17]. *Fino* is part of the Sun Finance Group, based out of Latvia[18].

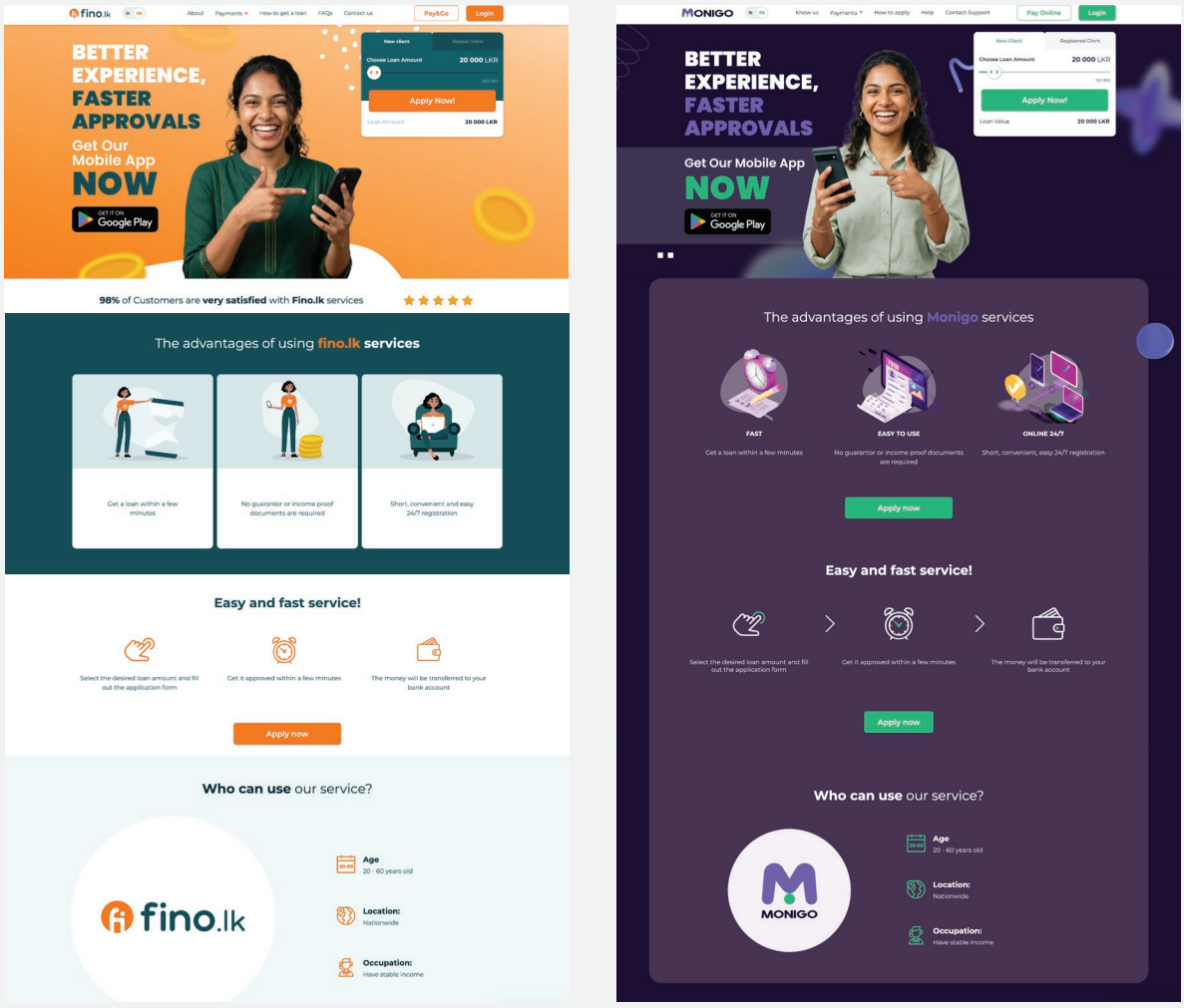
[17] SpaceCrew Finance. 'Home Page - SpaceCrew'. 19 June 2026. https://www.spacecrew-finance.com.
[18] 'Sun Finance - Products'. 19 June 2026. https://sunfinance.group.

Figure 16: Ownership of prominent loan services in Sri Lanka



Source: Author's construction

Figure 17: Website interfaces of *Fino* and *Monigo*

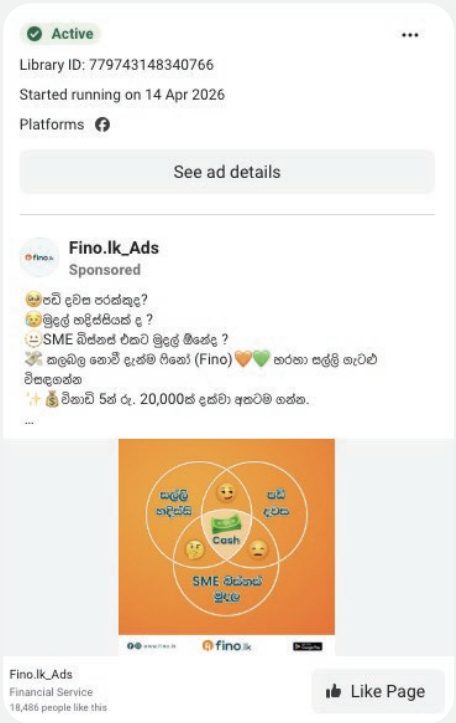


Source: Screenshot taken by researcher, accessed 18 June 2026

Figure 18: Ads from *Monigo* and *Fino*





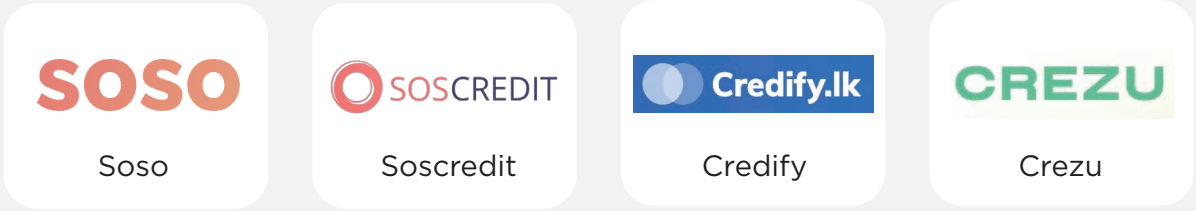




Source: Screenshot taken by researcher, accessed 28 April 2026

Some other services that emerged from the desk review and through the interviews include services such as *Soso, Soscredit, Credify* and Crezu.lk. For ease of cross-reference with other services, their logos have been added to Figure 19 below. Unlike the aforementioned companies, all of which have been registered with the Registrar of Companies in Colombo, these four companies have their addresses in Europe; *Soso, Soscredit* and *Credify* have the same Latvian address, while *Crezu*'s address is listed in Estonia (which, when searched on Google Maps leads to a car park in Harju County, Estonia). The website, Crezu.com, which is registered at the same address as Crezu.lk, leads to a Fin-Ad-Tech service website advertising a host of products including financing products, traffic acquisition tools and mobile applications. *CashX*, one of the prominent loan services mentioned in this study, is mentioned as one of the companies that they work with. In the testimonials section from the website, Aventus Group (discussed below) shares how Crezu is a "premium affiliate partner".

Figure 19: Logos of *Soso, Soscredit, Credify* and *Crezu*

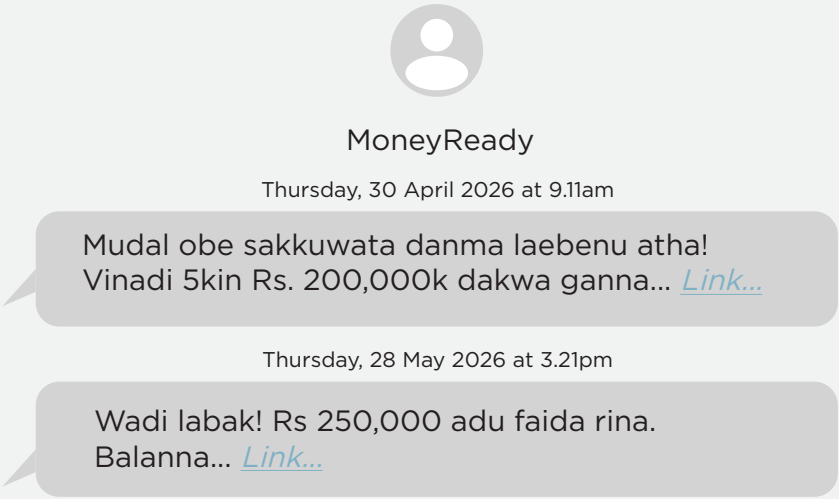


Source: Company websites

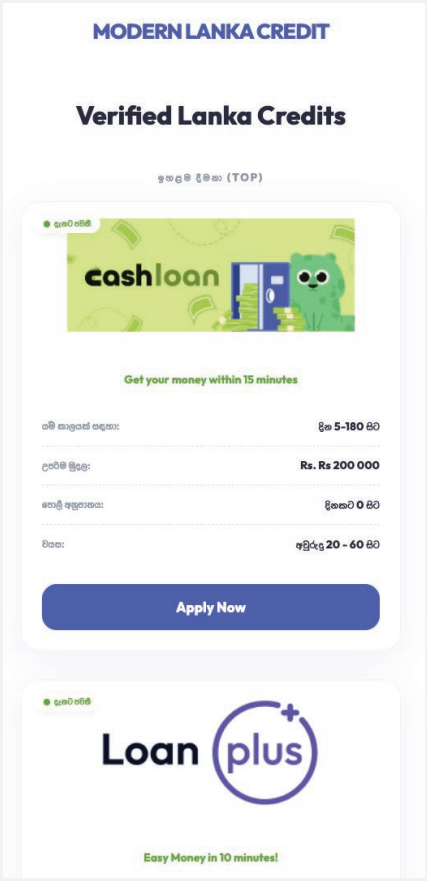
The interconnected, consolidated nature of these services becomes further apparent when interacting with the links mentioned in the SMS messages, as well as the other minor services mentioned by the study's respondents. SMS messages are not sent using a particular service brand name, but by another name that connotes loans, money or speed in some way. Sender names include RupeeFast, MoneyReady, PocketLoan, SpeedLoan, SmartLoanLK, PaydayLK, MyRupee, WaveRupee, Easy Rupee, RupeePlus etc. Much like other mass SMS broadcasts, the numbers of the senders are not visible, making these messages untraceable. Clicking on these links leads to websites that contain a name different to the SMS sender (See Figure 20). These websites are used to advertise multiple different loan companies and often provide basic information such as interest rate, maximum/minimum loan amount, repayment period, etc., to seemingly allow borrowers to compare across the services provided by different companies.

Figure 20: Screenshots of directing to the loan services via SMS

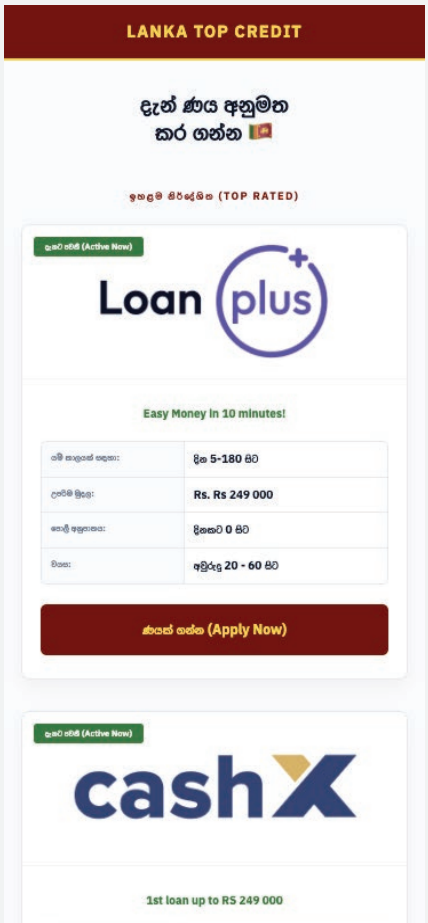
SMS messages received:



Website of the link received on 30th April 2026



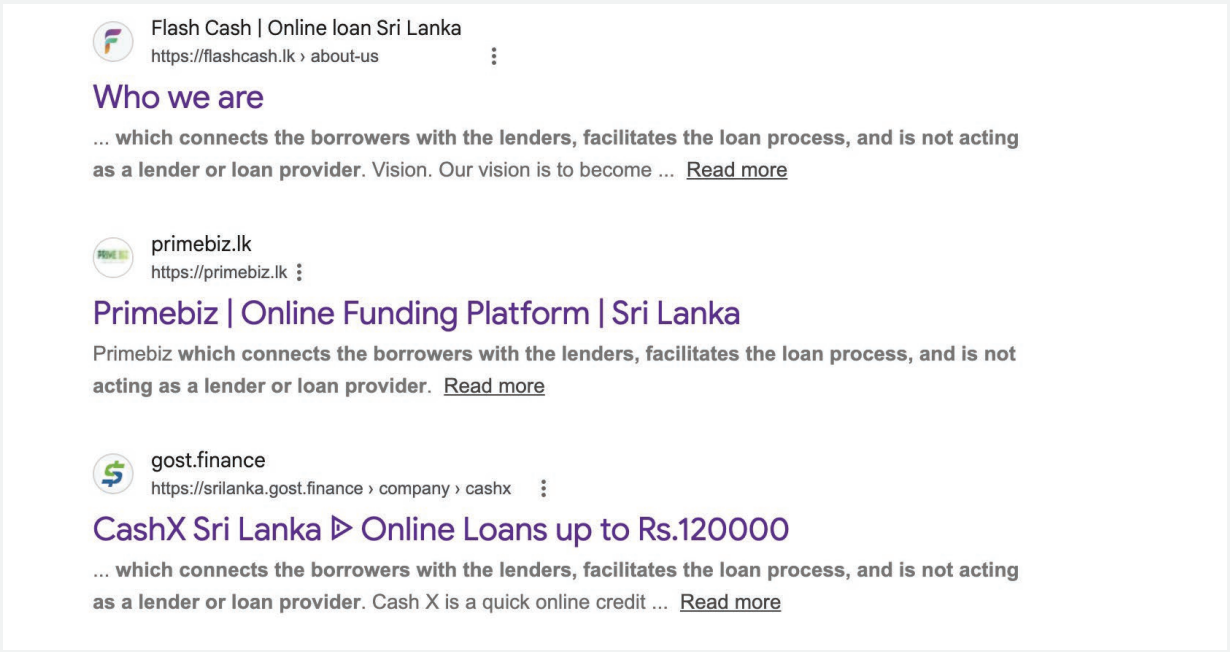
Website of the link received on 28th May 2026 :



Source: Screenshot taken by researcher, accessed 18 June 2026

The desk review and the interviews also revealed other sites that are dedicated to being these comparison sites, These included websites such as RoserLoan, LuckyLoan, IsuruCash, RushRupee and Royal Lanka Credit. One such website called Cashwagon was registered, according to its website, in Croatia, while the website called mycredit.lk was registered at the same address as the loan service, Crezu. The review also revealed other sites, often using the exact same SEO language, which act as platforms for "connecting borrowers with lenders" (See Figure 21).

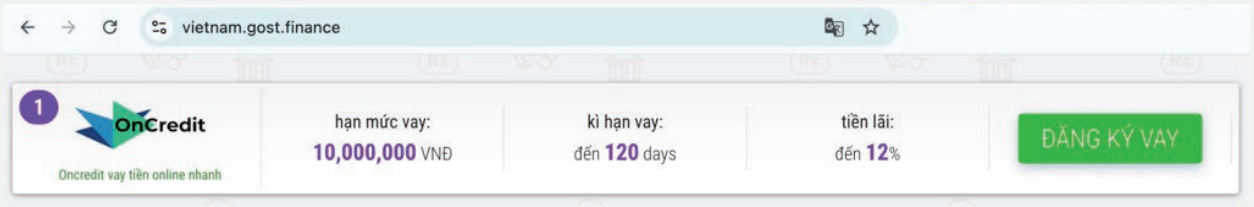
Figure 21: Loan service comparison sites which use similar SEO language



Source: Screenshot taken by researcher, accessed 18 June 2026

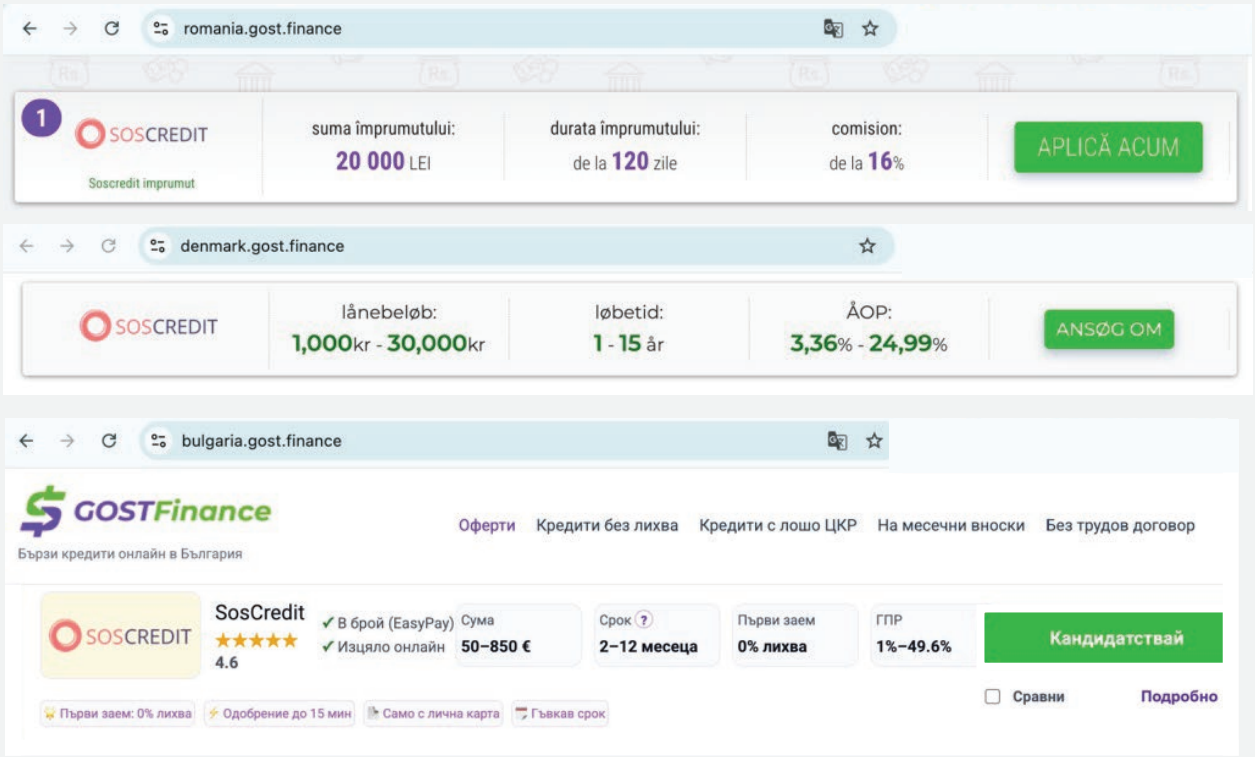
The review also revealed that these websites advertised loan services available in other countries, some of which were in the same name as those available in Sri Lanka, or contained very similar branding (See Figures 22 - 25).

Figure 22: Loan service advertised on a Vietnamese loan service comparison website that bears the same name and branding as the Sri Lankan loan service, OnCredit



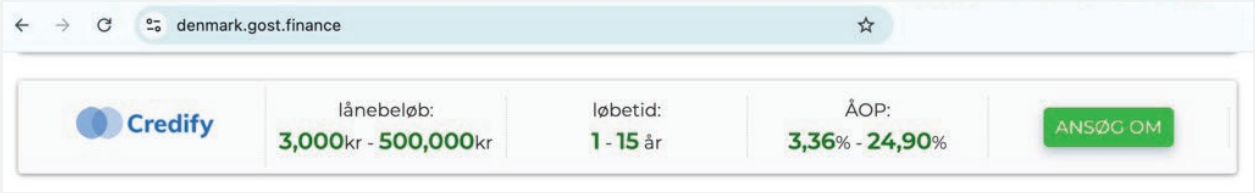
Source: Screenshot taken by researcher, accessed 18 June 2026

Figure 23: Loan service advertised on Romanian, Danish and Bulgarian loan service comparison websites that bear the same name and branding as the Sri Lankan service, Soscredit



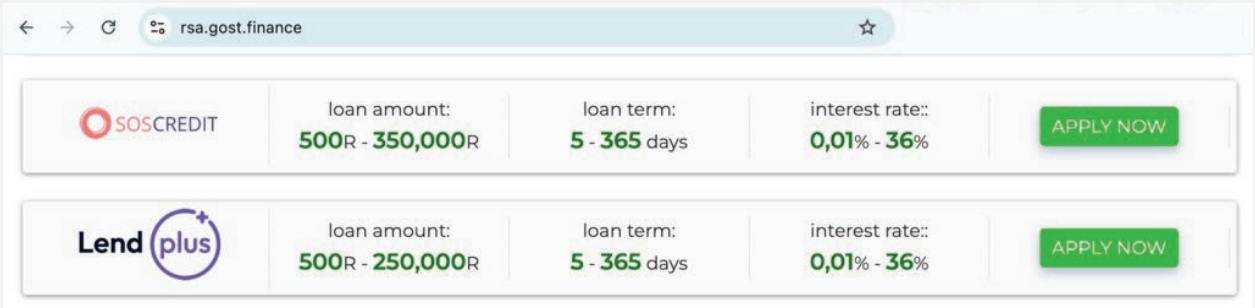
Source: Screenshot taken by researcher, accessed 18 June 2026

Figure 24: Loan service advertised on a Danish loan service comparison website that bears the same name and branding as the Sri Lankan service, Credify



Source: Screenshot taken by researcher, accessed 18 June 2026

Figure 25: South African loan service comparison website that has the Sri Lankan service Soscredit in the same name and branding, and another service that bears similar branding to the Sri Lankan service, LoanPlus



Source: Screenshot taken by researcher, accessed 18 June 2026

7.2 DALA: An Industry Association

Reviewing these services revealed that they are part of an organisation called Digital Alternative Lending Association or DALA. The organisation was incorporated under the Companies Act as a company limited by guarantee in 2021 and, according to its Articles of Association, had three initial members: A V Business Solution (Pvt) Ltd (developer of *CashX*), Zephyr Solutions (Pvt) Ltd (initial developer of *Lotusloan*) and Fintech Software Solutions (Pvt) Ltd (current developer of *Loanme, Fino* and *Monigo*). The organisation's most recent Annual Return (filed October 2025) submitted to the Registrar of Companies states the following members: Rapidlend (Pvt) Ltd (developer of Robocash)[19] , S F Group (Pvt) Ltd (developer of *Fino* and *Monigo*), OnCredit (Pvt) Ltd (developer of *OnCredit*), AIS IT Consulting Services (Pvt) Ltd (developer of *LoanPlus* and *Lotusloan*), Fintech Software Solutions (Pvt) Ltd (the developer of Loanme.lk as of 2025) and AV Business Solution (Pvt) Ltd (developer of *CashX*). According to this annual return, Zephyr Solutions (Pvt) Ltd ceased to be a member in February 2025.

As of the most recent Notice of Change of Directors (Form 20) submitted by DALA to the Registrar of Companies in March 2026, all of the current directors of DALA are nationals from Portugal, Latvia and the Russian Federation. There is no Sri Lankan leadership within the organisation except for the local secretaries. The most recent addition from the Russian Federation is a representative of the Aventus Group, a digital loan-providing platform based in Lithuania.

As per the Articles of Association of DALA, the objectives of the organisation are as follows: to promote and protect the interests of its members by fostering cooperation; to communicate with government authorities and represent the interests of the organisation with the government and other stakeholders; to set and regulate standards and practices of members, to monitor internal compliance and ensure that the Association is not discredited by its members; analyse complaints against members made by customers; and do all such other lawful things that would be incidental or conducive to attain these objectives.

Figure 26: DALA's website



Source: Screenshot taken by researcher, accessed 18 June 2026

[19] Robocash was introduced to Sri Lanka by the Robo.cash platform, a Croatia-based "peer-to-peer" lending platform. The Robocash group owns the company RapidLend (Pvt) Ltd, which operated the service in Sri Lanka. In 2023, according to the Island, the company was poised for rapid expansion, with the potential to reach up to Rs 77.2 trillion by 2027. However, as of June 2026 their website (robocash.lk) states the service is no longer under operation. A new website (robocashlk.loan) now uses the branding of the previous service, but now exists as a "comparison" website for other loan services. In 2023, Robocash Group was rebranded as UnaFinancial and has expanded to provide other credit solutions such as buy-now-pay-later (BNPL) solutions, credit lines, credit cards and digital investment services.

8. POLICY CONSIDERATIONS

The need for a comprehensive response against predatory lending writ large has been widely acknowledged in recent years, particularly in the recent debates about microfinance and other forms of informal and high-cost lending. Digital microloans multiply this precarity by intensifying the scale of these practices and the additional risks created by extensive collection and sharing of borrowers' data. The cross-border inter-connections of these entities further complicates enforcement and accountability.

To tackle these, we must first recognise the gaps in regulatory and institutional oversight that persist, which have allowed these services to go unchecked. The section explores these gaps, and considers what steps are needed to strengthen oversight. Table 1 provides a summary.

Table 1: Summary of areas requiring regulatory or institutional response

Area of regulatory/ institutional focus	Relevant Institution(s)	Aspects requiring policy action
Expand the scope of financial regulation and oversight to effectively cover digital lending services	Microfinance and Credit Regulatory Authority (MCRA) Central Bank of Sri Lanka (CBSL)	Fast-track the operationalisation of the Microfinance and Credit Regulatory Authority (MCRA) and explicitly bring digital money lending activities within its regulatory ambit Establish a supervisory and oversight framework to regulate lending fees, interest rates, loan recovery practices and disclosure of loan terms Issue interim public warnings on the risks of borrowing from these services Establish inter-agency referral and information-sharing mechanisms to address complaints in a timely manner, and coordinate enforcement
Strengthen data protection, cyber hygiene awareness, and digital literacy	Data Protection Authority Sri Lanka Computer Emergency Readiness Team (SLCERT) Computer Crimes Investigation Division (CCID) of Sri Lanka Police Consumer Affairs Authority	Prepare sector-specific requirements for digital lending, particularly on informed consent, data collection, retention and sharing ahead of the enforcement of the PDPA Clarify institutional responsibilities in addressing unauthorised data extraction, data sharing, cyber harassment, threats and other forms of cyber crime Respond in a timely manner to public complaints of malpractices by digital loan service providers

Combat misleading advertising and harmful terms and conditions that hurt consumers of digital lending services	Consumer Affairs Authority Ministry of Digital Economy	Strengthen oversight of misleading and deceptive loan advertisements, particularly those that obscure additional fees, charges, and other unfair and onerous terms Integrate consumer protection safeguards and accessible complaint information into digital transformation and public awareness initiatives.
Strengthen social protection and household resilience to income shocks	Welfare Benefits Board Sri Lanka Social Security Board Department of Development Finance Development Partners (World Bank and ADB)	Strengthen social protection measures to address the economic insecurity driving reliance on digital microloans, including access to health and education, sustainable livelihoods and protections for informal workers Improve social safety nets during economic downturns and adverse climate events Explore support for cooperative and community-based credit mechanisms that offer accessible financing with transparent terms and appropriate safeguards

8.1 Regulatory Vacuum for Digital Lending

Digital microloan services discussed in this study exist in a 'regulatory black hole'. There are currently no laws that directly deal with such services, and consequently these services seem to be able to skirt regulations. The Central Bank of Sri Lanka (CBSL) regulates only deposit-taking institutions, and can take action on illegal deposit taking activities. As these digital microloan services do not accept public deposits, they are not deemed to be a risk to the financial system and therefore do not fall under the CBSL's regulatory ambit. CBSL had begun cautioning the public about the risks associated with digital lending services, as early as 2021[20]. It has since issued further warnings and cautionary notices to the public about these services, including a notice in 2025[21] (See Figure 27). Complementing these efforts, the Sri Lanka Computer Emergency Readiness Team (SLCERT) has also issued warnings for the public to remain vigilant about "fraudulent advertisements offering "instant" or "emergency" loans"[22]. Yet there is no firm regulatory coverage.

The recently legislated Microfinance and Credit Regulatory Authority Act (MCRA) would have the authority to regulate these digital lending institutions[23] as it is expected to cover all lending and credit activities, irrespective of whether they accept public deposits or not. The MCRA's ambit is wide, and digital micro loans would also fall under its purview.

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[20] Central Bank of Sri Lanka, 'Beware of Online Financial Frauds and Scams | Central Bank of Sri Lanka', 21 February 2021, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20210121_beware_of_online_financial_frauds_and_scams_e.pdf

[21] Dharma Sri Abeyratne, 'CBSL Cautions Public over Online Lending Schemes', DailyNews, 7 May 2025, https://www.dailynews.lk/2025/05/08/business/774323/cbsl-cautions-public-over-online-lending-schemes/.

[22] Daily Mirror. 'Fake Emergency Loan Scams on the Rise; Public Urged to Avoid Suspicious Links: SLCERT'. Daily Mirror. Accessed 11 July 2026. https://www.dailymirror.lk/print/breaking-news/Fake-emergency-loan-scams-on-the-rise;-public-urged-to-avoid-suspicious-links:-SLCERT/108-345291.

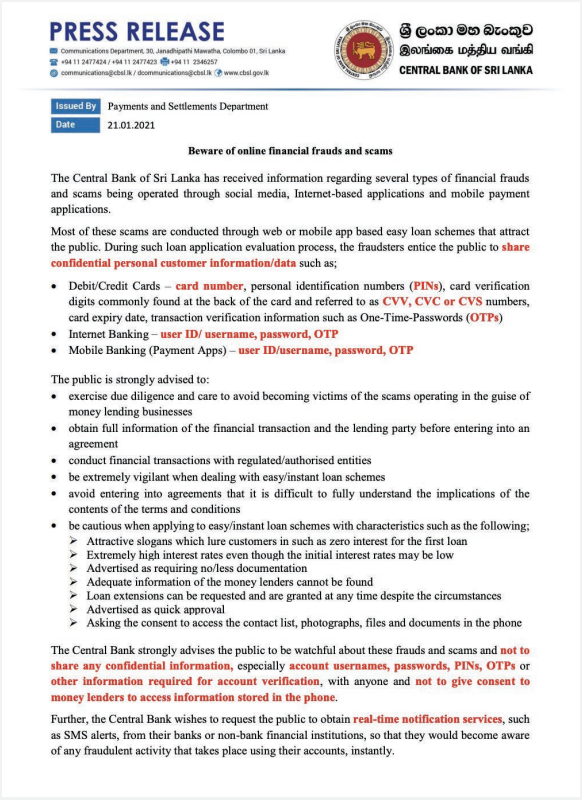
[23] 'Sri Lanka to Amend 2016 Microfinance Act, Set up New Regulatory Body', Business, EconomyNext, 3 March 2026, https://economynext.com/sri-lanka-to-,,widespread, pointswidespread, pointsamend-2016-, hasmicrofinance-act-set-up-new-regulatory-body-2raises6, haswidespread3098.

But there are serious concerns about the progress made since the Law was passed, as well as the technical and enforcement capabilities the new Authority would have as soon as it is established. Although the Act was passed in March 2026[24], implementing regulations are yet to be issued by the Minister in charge. Moreover, it is understood that the Government is considering revising the Act later this year to bring in certain amendments, which would inevitably delay the implementation process further.

The government's plans to establish a Steering Committee for the Development of a Digital Financial Services Strategy also present an opportunity to address the regulatory gaps vis-a-vis these services. The Steering Committee would have to consider the services discussed in this report and introduce relevant safeguards to protect borrowers from exploitative lending, the misuse of personal data and other predatory practices. These efforts should also continue to support responsible innovation that advances financial inclusion.

Nevertheless, once the MCRA is established, it would have the powers to set limits on interest rates and fees, regulate loan recovery practices, and introduce formal complaint-handling systems. The Act introduces mandatory licensing for any money-lending business, with exemptions introduced for licensed banks, finance companies, government entities, cooperative societies, and certain community-based financial organisations. Relevant to digital micro loans is the Section 37 of the Act specifically refers to the "regulation of moneylending and microfinance businesses carried out using any digital or electronic means".

Figure 27: Warning issued by the Central Bank of Sri Lanka on scams and frauds originating from digital micro loans



PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Payments and Settlements Department
Date 21.01.2021

Beware of online financial frauds and scams

The Central Bank of Sri Lanka has received information regarding several types of financial frauds and scams being operated through social media, Internet-based applications and mobile payment applications.

Most of these scams are conducted through web or mobile app based easy loan schemes that attract the public. During such loan application evaluation process, the fraudsters entice the public to **share confidential personal customer information/data** such as;

- Debit/Credit Cards – **card number**, personal identification numbers (**PINs**), card verification digits commonly found at the back of the card and referred to as **CVV, CVC or CVS** numbers, card expiry date, transaction verification information such as One-Time-Passwords (**OTPs**)
- Internet Banking – **user ID/ username, password, OTP**
- Mobile Banking (Payment Apps) – **user ID/username, password, OTP**

The public is strongly advised to:

- exercise due diligence and care to avoid becoming victims of the scams operating in the guise of money lending businesses
- obtain full information of the financial transaction and the lending party before entering into an agreement
- conduct financial transactions with regulated/authorised entities
- be extremely vigilant when dealing with easy/instant loan schemes
- avoid entering into agreements that it is difficult to fully understand the implications of the contents of the terms and conditions
- be cautious when applying to easy/instant loan schemes with characteristics such as the following;
  - Attractive slogans which lure customers in such as zero interest for the first loan
  - Extremely high interest rates even though the initial interest rates may be low
  - Advertised as requiring no/less documentation
  - Adequate information of the money lenders cannot be found
  - Loan extensions can be requested and are granted at any time despite the circumstances
  - Advertised as quick approval
  - Asking the consent to access the contact list, photographs, files and documents in the phone

The Central Bank strongly advises the public to be watchful about these frauds and scams and **not to share any confidential information,** especially **account usernames, passwords, PINs, OTPs** or **other information required for account verification,** with anyone and **not to give consent to money lenders to access information stored in the phone.**

Further, the Central Bank wishes to request the public to obtain **real-time notification services,** such as SMS alerts, from their banks or non-bank financial institutions, so that they would become aware of any fraudulent activity that takes place using their accounts, instantly.

Source: Central bank of Sri Lanka website

[24] Microfinance and Credit Regulatory Act No 9 of 2026, https://documents.gov.lk/view/act/2026/3/09-2026_E.pdf.

8.2 Data Protection, Digital Governance, and Digital Literacy

While financial regulation might establish safeguards and regulate who is able to lend and how, there are matters pertaining to data privacy, consumer protection, cybersecurity and advertising that also need to be addressed.

Issues pertaining to data privacy could potentially come under the PDPA. Yet similar to the MCRA, the 2025 amendments to the Act have unfortunately delayed its implementation[25]. The Extraordinary Gazette 2498/16[26] published on 22nd July 2026 states that substantial provisions of the Act would come into operation on 1st January 2027. The unauthorised use of data and conduct that may amount to cybercrime are subject to oversight and redress through a range of legal and institutional mechanisms; the Computer Crimes Act No 24 of 2007[27] criminalises the unauthorised access of data as well as the unauthorised disclosure of such data. However, SLCERT's mandate to prosecute such matters is limited as its role is more technical and incident-responding in providing digital forensic services, providing governance risks and compliance services, and securing networks and cloud-infrastructure. It is the Computer Crimes Investigation Division (CCID) of Sri Lanka Police that has the mandate to engage in prosecutorial action against any forms of cyber crimes. However, there is optimism surrounding the upcoming Cyber Security Bill which would "provide a statutory foundation for cybersecurity efforts in the country" by providing SLCERT with the mandate to "conduct mandatory assessments and issue binding instructions"[28]. Also notable is the to-be-established cyber security regulatory authority which intends to fill the gaps in the country's digital defences Some other legislation that might be tangentially important to consider include the Electronic Transactions Act 19 of 2006[29] regarding the legal recognition of electronic signatures, and the Online Safety Act No 9 of 2024[30], regarding the harassment of borrowers[31]. While the Consumer Affairs Authority Act No 9 of 2003[32] and the Consumer Affairs Authority would generally cover unethical consumer practices initiated by these companies, it is circumspect whether it would cover the nature of the harms arising from digital microloans such as the predatory contract terms, widespread targeting of borrowers, and the cross-border data transfer.

It is clear that digital loan companies abuse the lack of oversight over and enforcement of these laws and the lack of institutions and institutional mandates vis-a-vis their operations and practices to acquire, and ultimately, exploit borrowers. Examination of these services' terms and conditions and privacy policies, and understanding borrowers' lived experiences, point to widespread collection and dissemination of borrowers' personal information without their informed consent. This information is then used to exploit, harass, and coerce existing borrowers as well as to acquire new ones. The links these companies have to each other as well as international Fin-Ad-Tech networks raise suspicion of cross-border data brokerage, and could potentially raise risks of money laundering. There are reports of one loan service named StarVIP, run by a Chinese national, being raided by the CCID[33] in 2024. When this site is visited today, it leads

[25] 'PDPA Enforcement to Begin within a Year from Jan. 2027', Latest in the News Sphere | The Morning, 24 May 2026, https://themorning.lk//articles/XtVIvMptofpV7PQKjTkc.
[26] Extraordinary Gazette No. 2498/16 (2026), https://www.dpa.gov.lk/Gazet/2498-16_E.pdf.
[27] Computer Crimes Act No 24 of 2007. https://www.icnl.org/wp-content/uploads/Computer-Crimes-Act-No-24-of-2007.pdf.
[28] Methmalie Dissanayake, 'Cyber Security Bill Nears Final Stage', Latest in the News Sphere | The Morning, 16 August 2026, https://themorning.lk//articles/fwLz2ZUmsbHHn07jYgX0.
[29] Electronic Transactions Act No 19 of 2006, https://www.steptoe.com/a/web/2416/4031.pdf.
[30] Online Safety Act No 9 of 2024, https://www.icnl.org/wp-content/uploads/Online-Safety-Act-No.-9-of-2024.pdf.
[31] It should be noted that the Online Safety Act has been heavily criticised by local and international human rights groups for curtailing speech. See: 'Sri Lanka: Online Safety Act Major Blow to Freedom of Expression.', Amnesty International, 24 January 2024, https://www.amnesty.org/en/latest/news/2024/01/sri-lanka-online-safety-act-major-blow-to-freedom-of-expression/.
[32] Consumer Affairs Authority Act No 9 of 2003, https://caa.gov.lk/web/images/Act/CAA_Act_E.pdf.
[33] Alphonsus, Mimi, and Dilushi Wijesinghe. 'Online Loans Trap Borrowers in Cycle of Unregulated Debt'. Print Edition - The Sunday Times, Sri Lanka, 23 March 2025. https://www.sundaytimes.lk/250323/news/online-loans-trap-borrowers-in-cycle-of-unregulated-debt-593094.html

to a loan service comparison site that is similar to the ones that this study explored, indicating that such web domains are quickly and easily used by new players to reach new borrowers again and recommence operations.

Borrowers' lack of awareness and concern about data privacy, sharing, and online protection is worrying; interviewees for this study expressed little concern about their information being collected or shared. While digital literacy has been rising in Sri Lanka, alongside growing knowledge of how to operate digital devices such as smartphones and computers and how to manage files and apps, the knowledge of digital safety and security (e.g., understanding privacy settings, being alert to online scams, guarding against phishing attempts and online impersonation) seems limited.

The CBSL has the opportunity to leverage its existing financial literacy initiatives to improve awareness about the risks associated with digital microloan services. This could include incorporating guidance into its annual Financial Literacy Expo (FinLit Expo) to reach the public with practical information on navigating not only digital microloans but also the wider digital financial services landscape.

8.3 Social Protection and Household Vulnerability

The experience of those outlined in this report is not an isolated one of predatory lending. It must be located in the broader context of unregulated microfinance lending in Sri Lanka that for years have trapped communities, particularly women in cycles of debt, legal proceedings, sexual exploitation and harassment and dispossession. As researcher Amali Wedagedara has highlighted what the calls to abolish microfinance debt, *"expose a crisis in a development model that has been used now for decades: that small credit loaned to individuals facilitate development and enable them to enterprise themselves out of poverty and attain social security is not working."* She further notes, *"As poverty became a profitable business venture, the market increased rapidly with microfinance and finance companies. This was particularly the case in Sri Lanka. Following the Asian tsunami in 2004 and the end of the Civil War in 2009, the microfinance market in Sri Lanka exploded. As micro lenders multiplied, the phenomenon of multiple borrowing increased. This has led to extreme over-indebtedness. In Sri Lanka, a microfinance borrower has three microfinance loans on average."*[34]

Researchers on microfinance experiences of women in Sri Lanka and Cambodia have also highlighted[35], *"With few choices, women borrowers become heavily dependent on debt not only for entrepreneurial activities, but for living expenses. As they continue to borrow at more usurious interest rates, they find themselves in a state of continued debt dependence, taking out multiple loans to pay off other debts. The debt spiral begins."* They further note, *"There are several structural, cultural, social and legal factors that lead to the rising indebtedness of women borrowers in Sri Lanka and Cambodia."*

Globally, and certainly in Sri Lanka the research and advocacy make it very clear that microfinance does not alleviate poverty, but actually makes the lives of people more indebted and vulnerable. Situating the experience of those who have taken these predatory online loans with the Sri Lankan microfinance experience therefore is necessary when thinking about solutions and recommendations.

The solutions to predatory online lending will not arise from a singular regulatory

[34] Wedagedara, Amali. 'Collective Protest by Women Victimized by Microfinance: A Movement with Hope for the Future'. Karibu Foundation, 9 June 2021. https://www.karibu.no/newsletter/2021/06/collective-protest-by-women-victimized-by-microfinance-a-movement-with-hope-for-the-future/.

[35] De Silva, Nedha, and Samanthi Gunawardana. 'Microfinance Promises Women a Future, but Instead It Traps Them in Debt'. Monash Lens, 5 April 2023. https://lens.monash.edu/microfinance-promises-women-a-future-but-instead-it-traps-them-in-debt/.

intervention, given the complexity and interconnectedness of these digital micro loan services. Interventions must be as synchronised and multipronged as the loan services themselves. At the same time, any regulatory response must remain attentive to the economic circumstances that have created - and are likely to continue to create - demand for these services. As discussed earlier, borrowers seem to seek or approach digital lenders because they are seeking easy credit in response to urgent household expenses, health emergencies, debt, or livelihood-related needs. The policy response must therefore address both the practices of digital micro lenders as well as the conditions that make borrowers resort to seek them in the first place.

This is where transformative social protection is key. Sri Lanka has for too long relied heavily on economic protection - cash transfers, insurance and pension schemes- instead of addressing structural inequalities and investing in a constellation of social protection[36]. Cooperatives and credit mechanisms that gives financial autonomy to the community themselves, and not built on a model of profit making; increasing financial resourcing for health and education, creating sustainable livelihood opportunities, better worker protections for the informal sector (for example paid leave and sick leave) and many other mechanisms would support families across the spectrum and possibly less dependent on predatory lending.

While it is easy to say "no one forced them to take these loans", in fact the truth is that economic circumstances did actually force them. A utility bill that threatened disconnection, a health emergency, the inability to put even two nutrition meals on the table that in turn threatens health and nutrition, the lack of capital and access to formal credit for an income generating activity - these shows why Sri Lanka needs to shift to a more transformative social protection system.

8.4 Responding to Public Complaints and Citizen Mobilisation

In the absence of satisfactory mechanisms to curtail the predatory operations of digital microloans, borrowers have increasingly resorted to collective mobilisation and resistance. Online, borrowers are mobilising on Facebook groups, with membership in some ranging from 10,000 to 50,000. These groups crowdsource advice for borrowers facing harassment, expose the tactics used by loan companies and share evidence of predatory practices to warn the public. Offline, this activism has involved public protests, press conferences, engagement with state authorities. Some activists have been working on raising awareness on these issues, and calling for government intervention to address them, over the past decade.

While some groups called for the eradication of these services and the loans borrowers have incurred, others have taken a more nuanced view in calling for stronger financial regulation of these entities by the CBSL. They have also consistently asked for institutions such as SLCERT to look into these services and intervene more effectively in the cases of personal data breaches and cyber harassment. They also highlight the need for state institutions to do more to increase citizens' digital literacy. (For more information, read Annex B: Mobilisation and Resistance of Borrowers)

Even while the regulatory landscape around these services improve, relevant government agencies - ranging from the CAA to SLCERT and CCID - can do more to respond to the overwhelming evidence presented by activists and affected members of the public around the practices of digital lending service providers. These agencies should engage with these groups constructively, and utilise the evidence collected by them to better inform their own investigation and enforcement efforts.

[36] Perera, Iromi. Beyond Aswesuma: Investing in Transformative Social Protection. Colombo Urban Lab, Centre for a Smart Future, 2025. https://www.csf-asia.org/beyond-aswesuma-investing-in-transformative-social-protection/.

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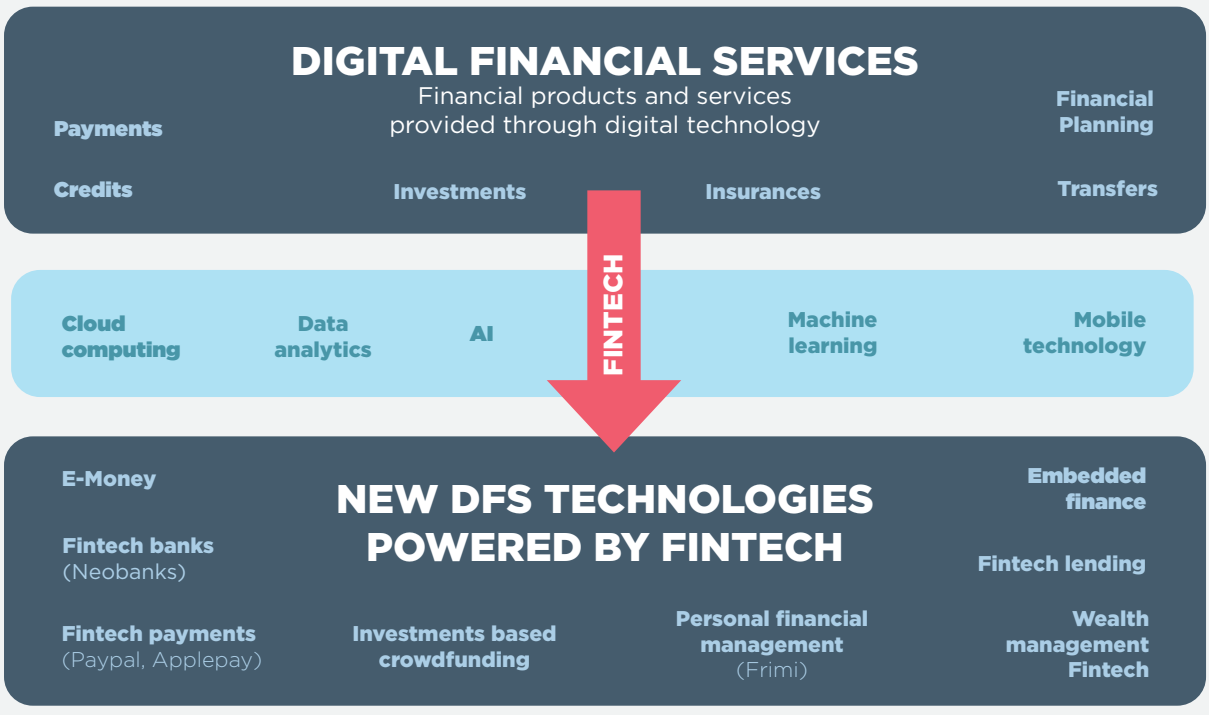
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ANNEX A: UNDERSTANDING DIGITAL MICROLOANS

Digital microloans form a subset of a rapidly growing ecosystem of digital financial services (DFS). The World Bank defines digital financial services as financial products and services - including payments, transfers, savings, credit, insurance, securities, financial planning and account statements, that are delivered through digital or electronic technologies[37]. Similarly, the United Nations describes DFS as financial services accessed and delivered through digital channels, including mobile devices[38]. The category therefore, broadly encompasses a wide range of services, from mobile banking and e-money to digital payments, credit and insurance.

Fintech is a term that sits within this ecosystem that typically refers to the application of technology for financial services. There are two primary usages of this term: firstly it can refer to the technological advances and innovation that transform the provision of financial services; secondly, it can also refer to the substantial technologies (such as cloud computing, machine learning and AI) which are transforming the delivery of financial activities[39]. Even though the concepts of fintech and DFS overlap, it should be noted that the concept of fintech captures the technological advancements that transform financial services, while DFS refers to the mere delivery of those services through technological or digital means. DFSs are transformed through the innovation of fintech to produce a host of novel financial products and services.The relationship herein can be illustrated through this Figure 28 below.

Figure 28: Illustration of the relationship between Fintech and DFS



Source: Author's construction

[37] The World Bank, 'Glossary of Key Digital Financial Services Terms', accessed 11 August 2026, https://digitalfinance.worldbank.org/glossary.
[38] Eunice Ajambo, Policy Brief: Fintech and Digital Finance for Financial Inclusion, with Amritpal Singh Virdee et al. (United Nations Economist Network, n.d.), https://www.un.org/sites/un2.un.org/files/fintech4_14_march_2023.pdf.
[39] The World Bank, 'Glossary of Key Digital Financial Services Terms'.

Fintech lending[40], hence refers to the innovations made within the DFS sector to transform how individuals and businesses are able to access credit. Innovations in this space have allowed the entry of both bank and non-bank entities to provide lending services. It has also allowed for the introduction of new models of credit such as peer-to-peer lending, market-place lending, embedded lending and digital microcredit[41]. Digital micro-credit are broadly short term, low-value loans accessed via mobile devices and typically involve automated credit scoring and fast approval. These services typically leverage alternative credit data, including (i) 'know-your-customer' data such as names, addresses, phone numbers, PIN codes, reference contacts, photos, videos, social security numbers, (ii) device information such as location, hardware model, build model, RAM, storage, (iii) unique device identifiers like Advertising ID, (iv) SIM information that includes network operator, WIFI and mobile network information, (v) mobile money transactions and (vi) social media data[42]. Digital microcredit can be disbursed by both bank and non-bank entities and may involve the partnership between them, e.g. the collaboration between banks, mobile network operators, non-bank lenders and e-money issuers. However, digital microcredit may also be accessed via non-bank mobile internet applications. These applications are often unregulated, based outside the country and usually accessible via smartphones.

Our research into this sector within Sri Lanka showed that loans might be accessed not only through mobile applications, but also through mobile and web browsers. As such the study refers to the lending apparatus as "digital microloans" in order to encapsulate the use of a diverse range of digital technologies, including all kinds of mobile technology (applications, browser-based methods, SMS).

[40] 'U. S. Government Accountability Office. 'Risks and Benefits of Fintech Lending | U.S. GAO'. 29 September 2026. https://www.gao.gov/blog/2019/01/23/risks-and-benefits-of-fintech-lending.
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[42] Divya Ramesh et al., 'How Platform-User Power Relations Shape Algorithmic Accountability: A Case Study of Instant Loan Platforms and Financially Stressed Users in India', 2022 ACM Conference on Fairness Accountability and Transparency, 21 June 2022, 1917–28, https://doi.org/10.1145/3531146.3533237.

ANNEX B: MOBILISATION AND RESISTANCE OF BORROWERS

In the absence of regulation and oversight surrounding the predatory nature of the digital microloan services, borrowers have not remained passive – community resistance has emerged both online and offline. CSF spoke to one activist, Thejitha Chathuranga (Tutu) about the sustained activism against these services on the ground. Following discovering these services as part of this university work, Thejitha has been mobilising and raising awareness about these services across three successive governments over the course of a decade. Drawing on his experience in ethical hacking, Thejitha shares that he and his team of 6 volunteers have been directly engaging in the technical dimensions of the operation of these services as well as in crisis intervention with individual borrowers. His broader interventions have included sending letters to all Grama Niladhari divisions in the country explaining the companies' methods, and hosting Facebook Live sessions to walk the public through the relevant law. His team has also engaged in investigative work, tracking "data transfer points" run by Indian, Pakistani and Chinese nationals in Mirihana, Nugegoda, Maharagama, Delkanda and Piliyandala.

Thejitha told CSF about his sustained engagement with state institutions to raise awareness about and combat the predatory nature of these loan companies. At the Criminal Investigation Division, he and his team were redirected to the CCID where they demonstrated how the loan companies can use malware to "hack" users' phones and extract massive amounts of borrower data using a laptop. He shared that there were times where his team approached the CCID two to three times a week to lodge a complaint about these services. Yet the complaints were heard and sent away with no follow up. Thejitha described their attempts to meet with the Secretary to the President to discuss this matter but stated that they were turned away by lower ranking officers. However, they were able to hand over documents which detailed the experiences of the borrowers and the threats that could be posed by these services to the state's financial and cyber security.

Thejitha also shared how they have had to be entrepreneurial in their activism. He explained that most Police Stations refused to accept complaints about predatory actions of the services and instead only instructed complainants to either change their SIM cards or refer the matter to Police Headquarters or to the CCID. He described how he had phoned in during a live TV show about cyber crime featuring a Deputy Director of the CID and a Deputy Inspector General of Police. Through this engagement, he was able to secure a meeting which led to all Police Stations in the country being directed to accept and process complaints about predatory practices of these services. Thejitha shared that this resulted in a momentary reduction of calls of harassment to borrowers. However, after about three months, the calls recommenced more intensely. Alongside this work, the group had also lodged a complaint at the Police Public Relief Centre, following which they accompanied the Police to raid the location of loan service in Nugegoda. However, the raid was unsuccessful as the company had already moved to another location. In December 2023, Thejitha's group also mobilised concurrent to meetings of high level intelligence officers and protested in front of Floating Market in Pettah to raise awareness about the dangers of these services.

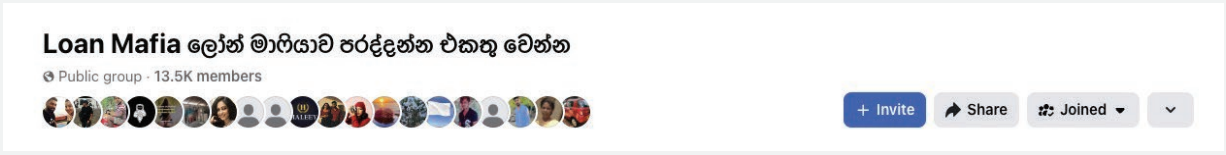
Across their interactions with state institutions, Thejitha shared that he was disappointed to hear how officials, including those of the CCID and the CBSL continuously stated that borrowers willingly provided their information to these services, and as such, the extraction and sharing of their data could not technically constitute a crime or cause for concern. In such cases, he shared that he had to reiterate that the state institutions haphazardly instructing the public not to share OTPs is not sufficient to effectively

inform the public of the dangers of these services and of the importance of protecting one's private data.

As Thejitha articulates, "the only thing [the banks] don't ask for [when you get a loan] is your great-grandfather's marriage certificate". He shared that digital financial services, such as digital microloans, should be accessible to communities. Yet, there is a need for lending platforms that operate under the purview of the CBSL and are less onerous for borrowers. Digitalisation of the economy, he argued, was a necessity, but any efforts towards it must be complemented by sustained efforts of increasing the public's digital literacy and building the SLCERT's capacity and responsiveness.

Online organising is done via Facebook groups and pages, which are amassing hundreds of thousands of members (See Figure 29). The names of the groups themselves are quite indicative of the perception communities have about these services i.e. referring to them as a mafia connotes not only perceptions of criminality, but also a perception of the organised nature of these.

Figure 29: Facebook groups mobilising individuals against loan companies



(Translation: Join us to defeat the online loan mafia)



(Translation: Online loan mafias, including OnCredit, CashX, Ceyloan)



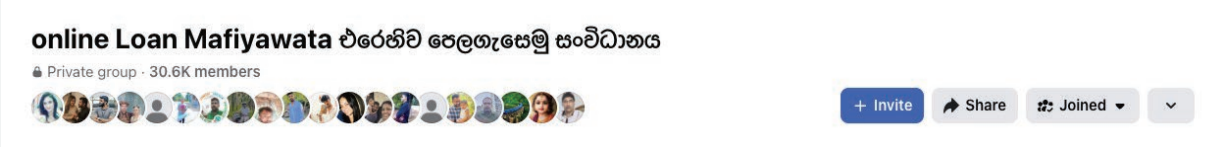
(Translation: The "Together with the nation" Association)



(Translation: The "My country, my heritage" Association)



(Translation: Those subjected to injustice due to the online loan mafia)



(Translation: The "Let's organise against the loan mafia" association)

Source: Screenshots taken by the researcher, 19 June 2026

Users engage within these groups in different ways to cope with the harassment, predation and exploitation of the loan service companies. They are used to crowdsource advice on how to respond to letters of demand and other messages from the loan companies demanding payment (See Figures 30 and 32). They are also used to raise awareness about and expose the dangers of approaching these companies.

Figure 30: Post from online Loan Mafiyawata එරෙහිව පෙලගැසෙමු සංවිධානය, dated 7 March 2024

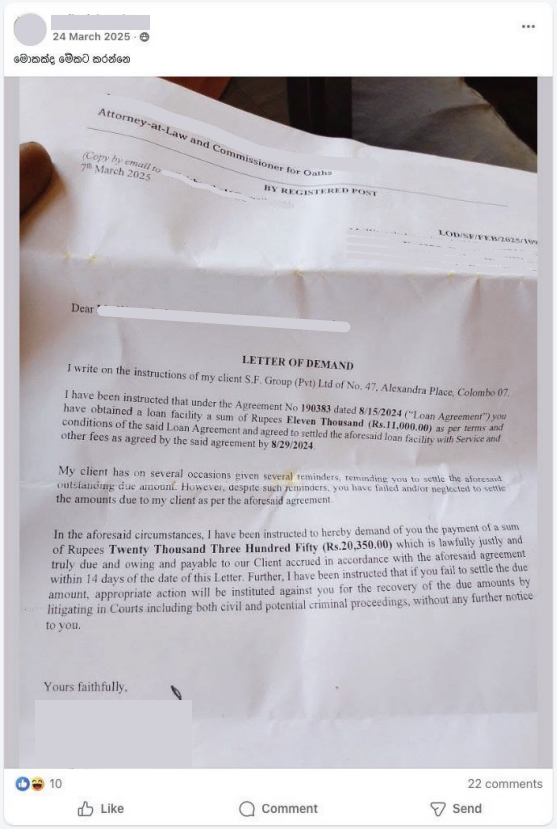


Translation of caption:

Please, I feel like dying. I am a person with heart issues. In trying to pay off this loan, I have taken loans from everywhere else. I am in so much trouble. Someone please tell me what to do next. Will they publicise my ID photograph? What should I do? These people can't be human. Not being able to bear it anymore, I told them that I want to die and they said that it's not their business, even if I die. I even have the phone recordings.

Source: Screenshots taken by the researcher, 19 June 2026

Figure 31: Post from online Loan Mafiyawata වෙරහිව පෙලගැසෙමු සංවිධානය, dated 24 March 2025



Translation of caption:

What do I do about this?

Source: Screenshots taken by the researcher, 19 June 2026

Figure 32: Post from රට සමඟ අපි එකට සංවිධානය Facebook page, dated 6 June 2026



Translation of caption:

- *The collateral you pay for getting online loans may be your self respect.*
- *What you lose when falling into the online debt trap is your self respect!*
- *The online companies which give you instant loans will store your phone number and use your phone number, your photograph, your personal information and connections to pose mental stress to you.*
- *Don't ever let online loans hurt your self-respect.*
- *Do not fall for attractive advertisements.*
- *Think twice before giving personal data.*
- *Only use legal and trusted institutions.*
- *The online loan you take today might be the destruction of your life tomorrow.*



Translation of graphic:

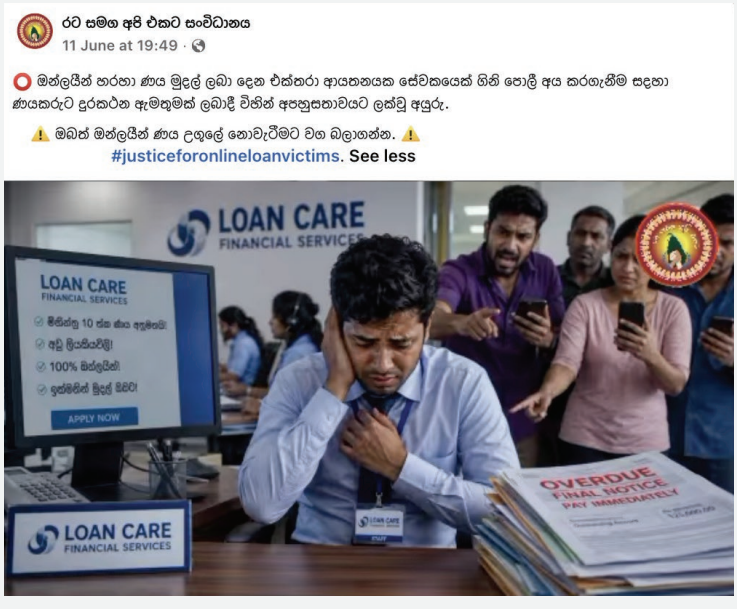
More than losing money, you lose your self-respect to online loans
Some online loan companies say that they give you online loans and then use your phone number, photographs, personal information and personal connections to cause mental stress to you.
Don't put up your self-respect for collateral.

Do not fall for attractive advertisements. Think twice before giving personal data. Only use legal and trusted institutions.

Source: Screenshots taken by the researcher, 19 June 2026

Users also share recorded phone calls with loan service agents. Audio recordings are accompanied by AI-generated images or videos, as audio recordings alone cannot be uploaded to Facebook. These recordings are used to raise awareness about the predatory nature of the loans themselves, but they are also shared for comic effect to poke fun at the service agents (See Figure 33 and 34).

Figure 33: Post from රට සමඟ අපි එකට සංවිධානය Facebook page, dated 11 June 2026



Translation of caption:

See how the worker of a certain online loan company was put in a difficult place when calling a debtor to receive exorbitant interest.

Take care to not fall into the online loan trap.

#justiceforonlineloanvictims

Source: Screenshots taken by the researcher, 19 June 2026

Figure 34: Post from රට සමග අපි එකට සංවිධානය Facebook page, dated 12 October 2025



Translation of caption:

We have seen many instances in which the unruly, unethical, and ignorant employees of the company Pumpkin Loan (Our Candy Capital Private Limited) call their loan customers in this manner to recover money at very high interest rates. Not only that, through the loan application of this company, the data of the customers' mobile phones (phone number list, personal photos, social media account details, etc.) is obtained and misused without permission, embarrassing them in front of society and pressuring and threatening them to get loans. There are cases where even the photos of small children of school age have been sent to other outsiders, making those children vulnerable. Even when police complaints are made against these illegal activities of this unethical company, the police do not come forward and act in an evasive manner. It is the social duty and responsibility of everyone to take action to eliminate such immoral institutions from the country, which are a disgrace to the country and society.

Don't be a victim of online loan scams.
Do you know that your life can be ruined by online loans you obtain through your mobile phone?
Avoid entering your personal information into online loan applications and websites.
If you have already dealt with such institutions, your personal information is in their hands.
If they misuse that information against you or threaten you, report it to the nearest police station.
Avoid taking online loans.

Have you also been victimised by online loans?..
Join us in the fight against the online loan mafia.

Source: Screenshots taken by the researcher, 19 June 2026

Individuals have also mobilised as organised groups offline in response to the actions of these services. These have included organising protests in public places and outside the listed locations of the services' offices, calling in press conferences with local media, and engaging with local politicians (See Figures 35 - 38).

Figure 35: Post from මගේ රට මගේ උරුමය සංවිධානය Facebook page, showcasing a press conference organised by the organisation, dated 29 May 2026

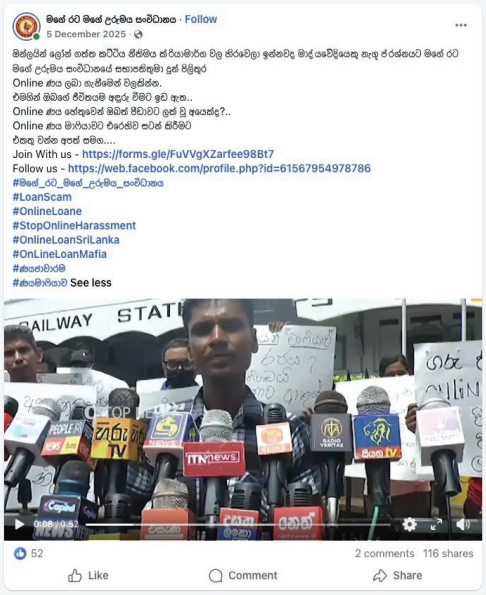


Translation of graphic:

Harassing people after getting their phone numbers? Is this a hidden scam? Where are the complaint inquiries?

Source: Screenshots taken by the researcher, 19 June 2026

Figure 36: Post from මගේ රට මගේ උරුමය සංවිධානය Facebook page, showcasing a protest in front of Fort Railway Station, dated 5 Decemver 2025



Translation of caption:

Are those who have taken online loans stuck in legal proceedings?

The answer given by the Chairman of the "My Country, My Heritage" Organisation to a question raised by a journalist:

Avoid taking online loans.
It may darken your life.
Are you also one of those who have been affected by online loans?

Join us to fight against the online loan mafia...

Source: Screenshots taken by the researcher, 19 June 2026

Figure 37: Post from රට සමග අපි එකට සංවිධානය Facebook page, showcasing engagement with Opposition leader Sajith Premadasa, dated 3 October 2025



Translation of caption:

Unedited footage of the meeting held at the Opposition Leader's Office on 05/08/2025. Seven lawyers from the Samagi Bar Association participated in this meeting. (Please note that there is no sound for the first minute, as this is an unedited video)

Opposition Leader Sajith Premadasa stated that the people of the country have been victimised by the online loan mafia of foreign groups. He states that they choose countries in financial crisis, charge exorbitant interest without mentioning what that interest is, and when it is difficult to repay the loan, they threaten to defame people, distort information through Facebook and even destroy families. Since there is information about these institutions that are trapping people with these loans, lawyers from the Samagi Jana Balawegaya have been allocated to handle this matter who will provide free legal services to all citizens who have fallen victim to the online loan mafia in this country. He stated that they will teach these loan sharks a lesson legally.

Opposition Leader Sajith Premadasa said this during a discussion held with the Rata Samaga Api Ekata organisation, an organisation of people who have been aggrieved by the online loan mafia. This discussion was held in conjunction with the Citizen Voice programme launched by Opposition Leader Sajith Premadasa. The Opposition Leader said that when this loan mafia was exposed a few years ago, the Samagi Jana Balawegaya and he raised a loud voice in Parliament regarding this matter and that this illegal loan mafia was, to some extent, made inactive, and was subjected to strict regulation through new laws.

Source: Screenshots taken by the researcher, 19 June 2026

Figure 38: Post from NewsFirst.lk's Facebook page, showcasing a press conference, dated 25 October 2025



Translation of caption:

Have you also fallen into the trap of instant online loans? | Online Loan

- *An Indian family who took an instant online loan has committed suicide after receiving threatening phone calls from a Sri Lankan number?*
- *A revelation from Sri Lankans who fell into the trap of online loans*
- *Inhumane calls..., phones also "cloned"...*

Source: Screenshots taken by the researcher, 7 August 2026

The community of resistance groups demonstrates sustained activism against the predatory nature of digital loans, and have been long-standing, prolific, nuanced and informed. It also shows that the demand for accountability has been long present among affected communities. The activity of these groups has not gone unnoticed by the companies. Thejitha shared that he has been approached by loan services offering him bribes to cease his activism. He was also subject to legal action brought by OnCredit, which sought Rs 100 million in damages against him. In 2024, several companies in DALA filed cases under the Online Safety Act before the Attanagalla District Court against three individuals running an online Facebook group called 'Online Loan Mafia Nisa Asadharanayata Lakwuwan' (Those subjected to injustice due to online loan mafia), a group containing over 13,800 members today. The complainants sought Rs 500 million per plaintiff and alleged that the individuals were engaging in malicious propaganda and defamation on Facebook and WhatsApp groups[43].

The existence of these groups is a result of a regulatory vacuum and state body inertia vis-à-vis these loan companies. Yet, these groups, though seemingly ad-hoc, play a crucial role in raising awareness about these services, but also in helping aggrieved borrowers to complain, cope and recover from the loan-taking experience. The power imbalance between these groups and the companies against which they stand cannot be overstated; this is apparent from the legal proceedings brought against such a group discussed above. This highlights the precarity of borrower-led resistance mechanisms. While these groups will continue to play an important role in raising awareness within communities and highlighting borrower voices, meaningful redress can only come from the intervention of the state through regulatory oversight.

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[43] Nanayakkara, Hansi. 'Online Money Lenders Sue Web Activists'. Ceylon Today, 8 April 2024. https://ceylontoday.lk/2024/04/09/online-money-lenders-sue-web-activists/.

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