Electronic (On-line) Banking in Sri Lanka: Legal Protection against Breach of Data Privacy

*W.I. Nanayakkara**

Abstract

Phenomenal developments in information and communication technology (ICT), including the internet and digital infrastructure, have introduced revolutionary changes and new dimensions to the banking industry like in many other spheres of the economy and industries in Sri Lanka. Today, in addition to on-site and/or paper-based banking, the banking sector in Sri Lanka is rapidly utilizing ICT services for its operations. The banking industry has significantly benefited from this new paradigm shift. The speed of change relating to technological and customer service innovation in electronic banking is unparalleled. While providing such tremendous opportunities and benefits, e-banking also carries risks which should be recognized, addressed and managed prudently. One important challenge banks which provide e-banking services face is the "Security Challenge", which includes: password frauds, counterfeiting of debit or credit cards, hacking threats, unlawful access into systems, spreading of hardware/software viruses, disruptive/destructive mechanisms, etc. It is evident that the new advancements in technology have led banks to place all details of customers in complex computer systems - exposing such information to 'hackers' and 'cyber criminals'. In this backdrop, the national legislature has enacted many laws in the last decade towards a legal regime regulating human activities taking place in the ICT environment. Among these, the Computer Crimes Act and the Payment Devices Frauds Act are very important relating to cyber security challenges. The Sri Lankan parliament enacted these Acts mainly to address matters related to confidentiality and integrity. Under these Acts, computer related crimes and hacking offences are clearly identified and made offences with heavy punishments.

Keywords: Computer Crimes, E-banking, Privacy, Security Risk

Introduction

The advent of the internet and digital infrastructure, amongst others, has transformed and modernized banking services and products offered to the customers in the banking industry, globally. The Sri Lankan banking sector is not an exception; most banks have deployed information and communication technology (ICT) to transform their processes. The banking industry has especially benefited from developments in ICT as it has created a new paradigm in the banking industry, making information technology an integral part of operational activities in banking. Significantly benefitting from this new paradigm shift, the products

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* Professor in the Department of Commercial Law, Faculty of Law, University of Colombo