HNB Enhances Digital Payment Accessibility by Removing MDR on LankaQR Transactions



Settlements, Central Bank of Sri Lanka; Damith Pallewatte, Managing Director/CEO, HNB; Sanjay Wijemanne, Chief Operating Officer, HNB; and Channa de Silva, CEO, LankaPay present a symbolic tonic officially announcing zero percent merchant commission for digital transactions via HNB SOLO, reinforcing efforts to drive digital payment adoption in Sri Lanka.

HNB has eliminated Merchant Discount Rates (MDR) for LANKAQR transactions at its appointed merchants, aim- ing to enhance the accessibility and cost-effectiveness of digital payments in Sri Lanka. Launched by the Central Bank of Sri Lanka and LankaPay in 2020, LANKAQR is an inter-operable QR code that allows customers to make payments using any LankaQR-enabled mobile app. Currently, 22 merchant acquirers and 30 mobile apps support LANKAQR, with over 410,000 merchants

expected by Q3 2024.

This initiative introduced by HNB is valid till June 30, 2025 to encourage digital transac- tions during a period of increased footfall and transac- tion volume. By eliminating cash handling, both merchants and customers benefit from a seamless and convenient payment experience.

Damith Pallewatte, MD/CEO, HNB said, “We’ve disrupted the market today with our QR solution. We’ve clearly under- stood what’s needed to bring all merchants into the digital ecosystem. We’re proud to have the largest network of merchants—creating traceability and access to banking systems that enable them to scale their businesses. This not only opens up opportunities for growth but also helps manage costs more effectively. We recognize the hesitation that some may feel, particularly regarding onboarding costs. However, our goal is to build both awareness and value around this platform. We encourage you to come onboard—exciting developments are on the horizon over the next three months.”

As an HNB Merchant integrated with the LankaPay LANKAQR ecosystem, you can easily accept interoperable QR-based transactions. This initiative benefits over 30,000 HNB-appointed LANKAQR merchants, enabling payments through 30 bank and fintech apps, including HNB’s SOLO. By waiving MDR fees, HNB aims to promote digital payments, particularly for small transactions that reduce cash usage.

“It is necessary to promote digital payments in the country, as a significant number of transactions are already taking place through these platforms. As the Central Bank, we are committed to supporting and promoting such initiatives and campaigns. We encourage all banks to come onboard and adopt similar efforts, as this will play a crucial role in uplifting the economy and advancing the country.” said Vasantha Alwis, Director – Payments and Settlements, Central Bank of Sri Lanka.

LankaPay’s integration with India’s UPI, China’s UnionPay, and Alipay enables seamless cross-border transactions for businesses and tourists in Sri Lanka. This allows Indian and Chinese visitors to use these digital payment apps at lo- cal merchants, especially in tourist areas, while also en- couraging merchants to adopt digital methods. Payment can be accepted via QR codes with real-time settlements and enhanced security, with HNB offering zero processing fees for transactions

under 10,000 rupees, while standard fees apply to larger amounts. HNB urges businesses to register for LANKAQR payments to benefit from this cost-free solution and promote digital transac- tions in Sri Lanka.