

ICT AS A KEY SECTOR IN SRI LANKA



SRI LANKA AT A GLANCE

Sri Lanka offers a strategic location along major maritime routes and serves as a natural hub for trade between Asia, the Middle East, Europe and Africa. At the southern tip of the Bay of Bengal, Sri Lanka is not only close to major shipping lanes but also close to the Indian market (1.3 bn people).

WHY SRI LANKA?

Access to major markets:

- Bilateral Trade Agreements: India, Pakistan, Singapore, Thailand
- Regional Trade Agreements: South Asian Free Trade Agreement (SAFTA), Asia Pacific Trade Agreement (APTA)
- Preferential schemes: EU GSP+, UK DCTS

Board of Investment (BOI) Export Processing Zones (EPZ):

- Improved investment climate and easier market access
- Duty-free imports/exports, preferential tax rates, up to 100% foreign ownership

Educated workforce:

- Adult literacy rate: 90%
- 30,000 graduates, 100,000 tertiary and vocationally trained students per year

Competitive wage levels:

- General wage rates are significantly lower than many regional peers

ICT SECTOR OVERVIEW

Sri Lanka's Information and Communication Technology (ICT) and Business Process Management (BPM) sector has evolved into a key pillar of the national economy, positioning itself as a high-quality digital services and knowledge-delivery hub serving international markets. With over 500 ICT & BPM companies ranging from global firms to SMEs and startups, the sector is ranked among leading global outsourcing destinations and supported by a skilled, English-speaking workforce with ambitious expansion targets. Strong compliance standards and increasing specialization in complex digital services, combined with the flexibility, customer adaptability and innovative capacity of SMEs, further strengthen Sri Lanka's competitive position.

ECONOMIC SIGNIFICANCE

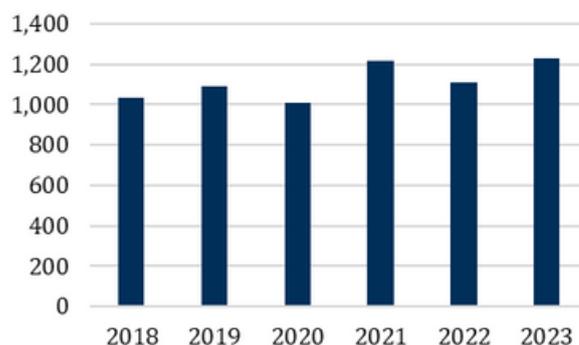


Table: Sri Lanka's Export Performance:
ICT/BPM Sector - 2018-2023

Export volume in 2023:

USD 1,227 million = 8.1% of Sri Lanka's total exports

2nd largest contributor to Sri Lanka's export revenue

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SERVICE PORTFOLIO

ICT & BPO firms serve a wide range of international clients across multiple sectors.

Core export services include:

- Software development
- IT support services
- BPO and KPO services

Key industry verticals served:

- Banking, financial services & insurance
- Healthcare
- Manufacturing
- Media & retail
- Transportation, travel & leisure
- Automotive industry

Sri Lanka has emerged as a **specialist provider in FinTech, healthtech and AI-based solutions**, responding to growing demand for high-value digital services.

EXPORT MARKETS

Exports are mainly directed to high-value markets: the US, Middle East, Europe and Australia. Many companies operate delivery centers or offices in Oceania or the US, reinforcing international integration and client proximity.

POLICY FRAMEWORK

Government-led initiatives:

- LEAP Program: empowering regional tech companies for export
- AIMS Program: connecting local ICT firms to international markets

National Digital Economy Strategy 2030:

- Positions Sri Lanka as a digital innovation and entrepreneurship hub

BOI Technology Parks:

- Attracting foreign investment (e.g. Galle, Bingiriya)

Strengthened regulatory framework:

- Personal Data Protection Act (2022)
- Online Safety Act (2024)

COMPETITIVE ADVANTAGES

- Strong English proficiency and well-educated talent pool
- Ethical work standards and increasing regulatory compliance
- Cost competitiveness (labour cost) compared with quality
- Strategic geographic location (Asia, Middle East, Australia)
- Under-the-radar destination with untapped growth potential
- High flexibility and customer-centered

BUSINESS OPPORTUNITIES

- Establishment of shared service centers and BPO/KPO hubs
- Partnerships in software development, FinTech, AI, analytics and cybersecurity
- Development of innovation and R&D hubs for global product delivery
- Joint ventures with Sri Lankan firms to access skilled talent and export markets



OUTLOOK

Sri Lanka's ICT & BPM sector is growing rapidly, driven by increasing adoption of AI, automation, predictive analytics and growing international demand. Supported by government-private sector collaboration, the sector aims to reach export revenues of USD 5 billion by 2030, contributing to the broader ambition of generating USD 15 billion in digital economy revenue by 2030.