

# Proposal for a National Cryptocurrency Token in Sri Lanka: Framework for Inclusive Ownership and Government Reserve Management

Dr. Senarath Mudiyansele Nirodha Rupasinghe<sup>1</sup>;

Dr. J. H. U. S. Bhatiya Tissera<sup>2</sup>

<sup>1</sup>Ph.D. in Software Engineering, IIC University of Technology, Cambodia;

<sup>1</sup>MSc in Information Technology, Cardiff Metropolitan University, UK;

<sup>1</sup>BEng in Software Engineering, IIC University of Technology;

<sup>1</sup>Oracle Certified Professional – Java Programmer, Oracle University, USA;

<sup>1</sup>Oracle Certified Professional – Mobile Application Developer, Oracle University, USA

Publication Date: 2025/11/05

**Abstract:** This paper proposes the creation of a Sri Lankan national cryptocurrency (LKR Coin) as a state-backed digital asset designed to promote inclusive ownership, financial inclusion, and long-term economic stability. The framework emphasizes a balanced distribution model that allocates coins to citizens while simultaneously building a government reserve, enabling strategic monetary management and potential foreign currency generation. By linking coin ownership to national identification, the model ensures transparency, equitable access, and controlled supply, supporting both individual wealth accumulation and national financial sovereignty. The study highlights the policy, regulatory, and technological considerations necessary for implementing a secure, phased rollout without delving into specific numerical issuance calculations, thereby providing a conceptual blueprint for a sustainable national cryptocurrency.

**How to Cite:** Dr. Senarath Mudiyansele Nirodha Rupasinghe; Dr. J. H. U. S. Bhatiya Tissera (2025). Proposal for a National Cryptocurrency Token in Sri Lanka: Framework for Inclusive Ownership and Government Reserve Management. *International Journal of Innovative Science and Research Technology*, 10(10), 2436-2439. <https://doi.org/10.38124/ijisrt/25oct1383>

## I. INTRODUCTION

The global financial landscape is rapidly evolving with the emergence of blockchain-based digital currencies. For Sri Lanka, the adoption of a national cryptocurrency presents an opportunity to modernize the financial system, enhance economic inclusion, and strengthen monetary sovereignty. Unlike privately issued cryptocurrencies, a state-backed digital currency ensures both security and equitable access for all citizens.

This paper proposes the creation of the LKR Coin, a national digital asset designed to be distributed inclusively to citizens while also supporting the accumulation of a government reserve. Such a dual approach allows the state to manage monetary policy effectively, provide long-term economic stability, and foster public trust in digital financial instruments.

➤ *The Framework Emphasizes Three Core Objectives:*

- Inclusive ownership – ensuring that all citizens have equitable access to the national cryptocurrency.

- Financial sovereignty – empowering the government to build reserves and reduce dependency on external currencies.
- Controlled and sustainable deployment – promoting economic stability through predictable issuance and distribution mechanisms.

By addressing both policy and technological considerations, this paper provides a conceptual blueprint for implementing a national cryptocurrency that is secure, transparent, and aligned with the long-term interests of the country.

## II. MODEL OVERVIEW AND RULES

This is a Sample Model. The proposed LKR Coin model follows a structured issuance and allocation framework designed to ensure fairness, sustainability, and strategic reserve management.

### ➤ *Issuance Formula*

- *Annual Issuance is Determined by the Formula:*

Annual Issuance =  $X \times \text{Population}$ , where  $X$  decreases annually: - Year 1 → 10 coins per birth - Year 2 → 9 coins per birth - ... - Year 10 → 2 coins per birth.

### ➤ *Allocation of Annual Issuance*

- Government Reserve (25%) – Held by the state to support monetary policy, investments, and strategic financial reserves.
- People's Quota (25%) – Allocated to citizens via National ID (NIC)-linked custodial wallets. Coins in these wallets are non-monetizable for 10 years, after which they can be redeemed under the legislated 70/30 proceeds rule (70% to the citizen, 30% to the government), calculated after deducting the base price.
- International Quota (50%) – Released in tranches over 10 years to global exchanges and institutional investors, ensuring controlled foreign participation and market stability.

### ➤ *Base Price*

- Each coin is initially valued at 100 LKR, providing a reference point for future monetization and international trading.

This model ensures that the cryptocurrency is distributed equitably, provides long-term value to citizens, builds government reserves, and gradually integrates Sri Lanka into the global digital currency ecosystem, while maintaining predictable issuance and controlled inflation.

## III. BENEFITS AND PURPOSE

The introduction of the LKR Coin offers multiple strategic, social, and economic benefits, supporting both citizens and the government while reinforcing national financial stability.

### ➤ *Inclusive Wealth Distribution*

Every citizen receives a share of the national cryptocurrency via NIC-linked wallets, ensuring equitable access regardless of income or geographic location. It promotes financial inclusion, especially for unbanked populations, by providing direct participation in the digital economy.

### ➤ *Government Reserve Accumulation*

The government's share of the annual issuance is reserved for strategic purposes, such as foreign currency generation, debt repayment, and national investment. This approach enables long-term fiscal planning without increasing public debt.

### ➤ *Controlled Supply and Predictable Inflation*

The issuance schedule and decreasing allocation per birth ensure controlled inflation and a predictable supply, maintaining the value of coins over time.

### ➤ *Financial Sovereignty and Economic Stability*

By creating a state-backed digital currency, Sri Lanka reduces dependency on external currencies and enhances monetary policy flexibility. This approach supports the creation of a national digital financial infrastructure, promoting transparency and trust.

### ➤ *International Integration*

Controlled release of the international quota ensures Sri Lanka can participate in global digital currency markets while maintaining market stability. It encourages foreign investment in a structured and phased manner, supporting economic growth without destabilizing domestic markets.

- *Purpose Statement:*

The overarching purpose of the LKR Coin model is to combine citizen ownership with strategic government reserves, fostering social equity, financial inclusion, and sustainable economic growth. The framework is designed to be secure, transparent, and adaptable, providing a conceptual blueprint for the phased rollout of a national cryptocurrency in Sri Lanka.

## IV. IMPLEMENTATION AND TECHNOLOGY

The LKR Coin implementation emphasizes secure, reliable, and off-the-shelf technology solutions rather than developing proprietary wallets or exchanges, ensuring safety, efficiency, and rapid deployment.

### ➤ *Technology Platform*

Existing, reputable, and secure platforms (e.g., Binance) will be leveraged for coin storage and management. Government reserves will be stored using hardware wallets to ensure maximum security. The token or coin can be developed on the Solana blockchain, providing high throughput, low transaction costs, and scalability.

### ➤ *Handling Citizen Coins*

Coins allocated to citizens are managed through a government-controlled account system, separate from individual banking systems. The segregated system can link with banking infrastructure to monitor individual holdings while maintaining security and privacy. Coins remain non-monetizable until the legislated period ends, ensuring controlled release and asset protection.

### ➤ *Oversight and Governance*

The Central Bank oversees all operations, ensuring compliance, transparency, and protection of citizen assets. Using secure third-party platforms minimizes operational risks and allows auditability for governance purposes.

### ➤ *Phased Rollout*

A pilot program will validate platform reliability and citizen adoption before nationwide deployment. Gradual integration allows for risk mitigation and system refinement, ensuring a smooth rollout.

This implementation strategy balances security, scalability, and practicality, allowing Sri Lanka to deploy a

national cryptocurrency efficiently while safeguarding citizen assets and government reserves.

➤ *Top 10 Famous Government Digital Coins/Tokens*

Table 1 Top 10 Famous Government Digital Coins/Tokens

No	Country	Coin/Token Name	Type	Status	Key Purpose/Use Case
1	China	e-CNY (Digital Yuan)	CBDC	Launched Pilot	Domestic payments, financial inclusion, monetary policy
2	Bahamas	Sand Dollar	CBDC	Launched	Financial inclusion, remittances, digital payments
3	Nigeria	e-Naira	CBDC	Launched	Financial inclusion, reduce cash dependency
4	Jamaica	JAM-DEX	CBDC	Launched	Digital payments, financial inclusion
5	India	e-Rupee	CBDC	Pilot	Digital payments, sandbox testing, financial inclusion
6	Russia	Digital Ruble	CBDC	Development	Domestic payments, reduce cash usage, monetary policy
7	Venezuela	Petro (PTR)	Government-backed Crypto	Launched	National oil-backed cryptocurrency, foreign currency generation
8	European Union	Digital Euro	CBDC	Development	Digital payments, monetary policy implementation
9	Sweden	e-Krona	CBDC	Testing Phase	Reduce cash usage, digital payments
10	United States	Digital Dollar	CBDC (Conceptual/Under Eval)	Evaluation	Digital payments, enhance financial system efficiency

## V. CONCLUSION

The creation of a state-backed LKR Coin allows Sri Lanka to substantially improve the state economy in a structured and sustainable manner. It permits the government to modernize the financial system and accumulate wealth while simultaneously ensuring security, transparency, and equitable assets to all Sri Lankans. The inclusive approach to issuing LKR coin using a separate government-controlled account system provides the general population — including the unbanked population — the opportunity to participate in digital economy in a fair and equal manner.

By setting a base price for the LKR coin, an annual issuance mechanism, and deploying it in a controlled and structured method overseen by the Central Bank of Sri Lanka, the government is able to control inflation, ensure equitable distribution, provide long-term economic stability, and reduce Sri Lanka's financial dependency on external actors. Furthermore, allocating a specific quota of LKR coin for citizens, the government, and international affairs ensures Sri Lanka's ability to improve domestic economy, government reserve, and enhance participation in global markets. In conclusion, the LKR coin creates the ideal opportunity for Sri Lanka to improve their economic status — both domestically and internationally — and facilitate a secure and transparent digital economic system that aligns with the long-term interests of the country.

## REFERENCES

- [1]. Central Bank Digital Currency (CBDC) Tracker, 2025. *Global Central Bank Digital Currency Initiatives*. [online] Available at: <https://cbdctracker.org/>
- [2]. Coin Geek, 2024. *Sri Lanka's Central Bank Mulls CBDC Launch Before End of 2024*. [online] Available at: <https://coingeek.com/sri-lanka-central-bank-mulls-cbdc-launch-before-end-of-2024/>
- [3]. Federal Reserve Board, 2025. *Federal Reserve Board Announces the Withdrawal of Guidance for Banks Related to Their Crypto-Asset and Dollar Token Activities*. [online] Available at: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250424a.htm>
- [4]. International Monetary Fund (IMF), 2024. *Implications of Central Bank Digital Currency for Monetary Policy*. [online] Available at: <https://www.elibrary.imf.org/view/journals/063/2024/007/article-A001-en.xml>
- [5]. Reuters, 2025. *Pakistan Central Bank to Launch Pilot for Digital Currency, Says Governor*. [online] Available at: <https://www.reuters.com/world/asia-pacific/pakistan-central-bank-launch-pilot-digital-currency-says-governor-2025-07-09/>
- [6]. The Block, 2025. *Solana Co-Founder Prefers No U.S. Crypto Reserve but Is Open to Others*. [online] Available at: <https://www.theblock.co/post/344895/solana-co-founder-prefers-no-us-crypto-reserve>

- [7]. U.S. Securities and Exchange Commission (SEC), 2025. *XRP as a Strategic Financial Asset for the U.S.* [online] Available at: <https://www.sec.gov/files/ctf-input-staudinger-2025-03-12.pdf>
- [8]. White House, 2025. *Fact Sheet: The President's Working Group on Digital Asset Markets Releases Recommendations to Strengthen American Leadership in Digital Financial Technology.* [online] Available at: <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-the-presidents-working-group-on-digital-asset-markets-releases-recommendations-to-strengthen-american-leadership-in-digital-financial-technology/>.