

BUSINESS DIALOGUE



JULY - DECEMBER 2019

INSIGHTS INTO THE WORLD OF FINANCIAL EXPERTS

2019

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to be different, and we are growing.

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NSBM has designed world class degree programmes merged leadership, ethics, global thinking, core management skills and leading edge technological innovations. It mainly focuses on producing graduates and postgraduate

professionals in the above fields. It is defined by its mission as a creative and innovative school of future generations. NSBM is driven by the themes of Innovation, entrepreneurship, technology and globalization to direct the country towards knowledge based globalized economy, while creating synergies with existing body of knowledge after considering the needs of 21st century in the fields of Management, Computing and Engineering Education. As a forward thinking school in higher education, NSBM assures the vital need to make learning relevant to industry expectations. NSBM has forged strategic collaborations with leading universities such as University College of Dublin, Ireland, University of Victoria, Australia and University of Plymouth, UK which enable its students to expose themselves to global thinking and best practices in global industries.

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OUR MISSION

“ To develop globally competitive and responsible graduates that businesses demand, working in synergy with all our stakeholders and contributing to our society ”



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VICE-CHANCELLOR'S MESSAGE

NSBM Business Dialogue magazine on its fourth publication, has undoubtedly proven to be a document of value and achievement for the institute. This issue addresses the banking sector, an arena of vital importance to the business world as well as any country's economy and development. NSBM always attempts to produce ideal leaders to the nation, with the right exposure, and the innate ability to understand the ground realities of the world. This magazine is also an attempt at such a feat.

Thus, I extend my heartiest congratulations to the Business Dialogue magazine team on the success of this issue of the magazine, embedded with a great value. This great endeavor will show the pathway and journey to the peak of the business world, to all its readers.

South Asia's first ever green university town, NSBM, stands with the perception of undergraduates partaking in the roots of necessary soft skills along with the best academic base to become a global graduate, a sophisticated leader, a team player, a colleague and a valued adherent to the society. Therefore, we provide the best facilities, starting from modern, technology equipped classrooms, talented lecture panels to all extracurricular avenues and international exposure. Moreover, going hand in hand with external business parties, we provide them enough opportunities for a secure future, thus revitalizing the Sri Lankan future generation.

Carrying forward this vision, NSBM will engage in more endeavors as such in the future to provide the needed exposure to its undergraduates. As the Vice Chancellor of this iconic educational hub in Sri Lanka, I would like to thank the NSBM team who is always committed towards ensuring the best. Without them reaching these milestones with great success, would be difficult. On a final note, I wish everyone an affluent future.

Prof. E. A. Weerasinghe
Vice Chancellor
NSBM Green University Town



MY DREAM IS TO BE A CHIEF EXECUTIVE OFFICER

“ WHEN I WAS SMALL, I WAS
DREAMING OF BECOMING A
WOMAN ENTREPRENEUR WHO
RUNS HER OWN BUSINESS. I
HOPE I CAN ACHIEVE MY GOAL.
NSBM PROVIDES US ALL THE
OPPORTUNITIES TO GROW AS
VISIONARY LEADERS ”

MESSAGE FROM THE EDITOR-IN-CHIEF



It gives me immense joy and satisfaction to introduce you to this issue of the Business Dialogue magazine, yet another landmark and a step front with the business dialogue magazine team. In this world of constant innovation and the necessity to embrace risk, this issue takes a close look at the world's riskiest industry – the banking sector. Thus, the arena of finance, being

an intrinsic aspect of development of any country, certainly cannot be omitted from discussions related to the business industry. With this in mind, the Business Dialogue team ventured on to meet and greet the financial gurus steering various banking institutions.

Banking institutions are bestowed the great responsibility of serving the nation, and are therefore, assets to a country in many levels. Therefore, the undergrads in business studies, the budding future of the country who will one day be leading the business world, should be opened up to the developments in this arena. This issue will help them immensely in grasping the strengths and steps which will be needed to climb the ladder of success. Moreover, this will be a remarkable exposure to academics, business leaders and national and international business practitioners, and to all the other interested parties, as this presents a collection of success stories through the eyes of leading gems in the arena of finance, presenting a number of selected banks in Sri Lanka.

This issue of the NSBM Business Dialogue magazine today, abundantly came into your hands with the immense contribution of a number of people. Therefore, I would like to extend my sincere appreciation to all contributors including the resource and distinguished personnel who devoted their valuable time in order to contribute and take part in the workings of the NSBM Business Dialogue magazine. Further, my appreciation goes to the Business Dialogue magazine team, academics, administration, students and all the other teams behind this great endeavor. May the light of this magazine torch and clear the path to success.

Concludingly, I would like to extend my warm wishes to NSBM to hold the brightness shining throughout its success in many years to come.

**Prof. J. Baratha Dodankotuwa, Senior Lecturer,
Head, Academic Development and Quality Assurance
NSBM Green University Town.**

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EVOLUTION OF BANKING SECTOR IN SRI LANKA

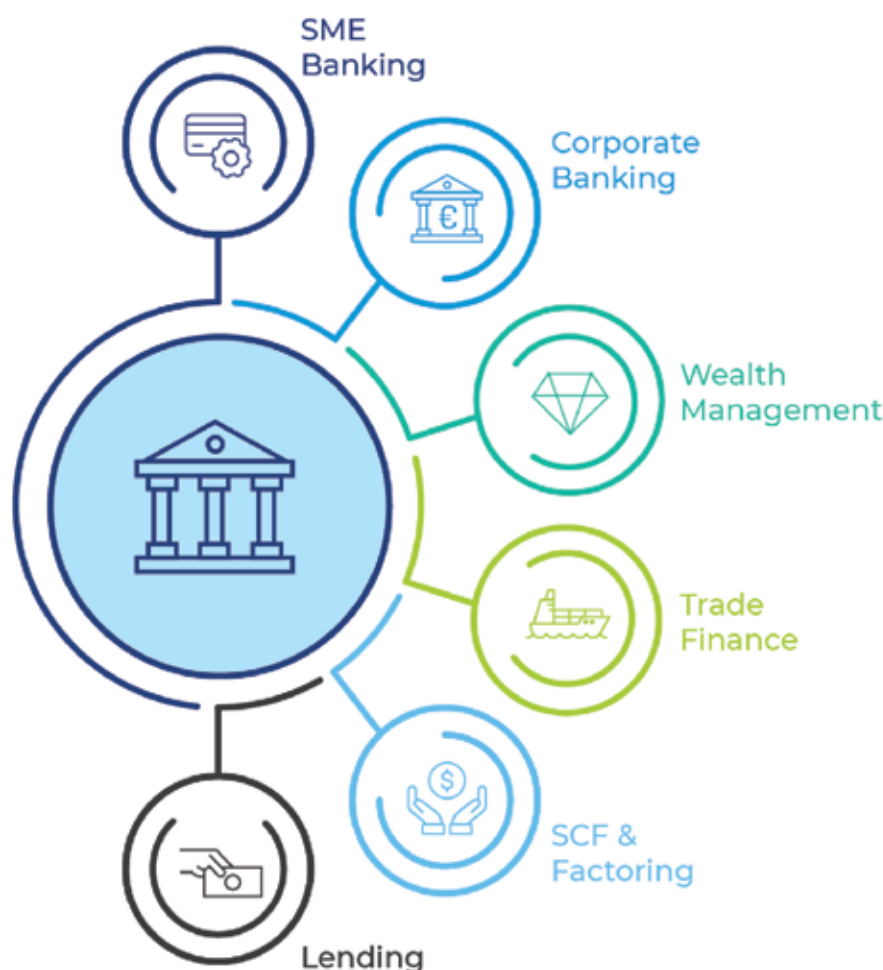


“IT IS WELL ENOUGH THAT
PEOPLE OF THE NATION DO NOT
UNDERSTAND OUR BANKING
AND MONETARY SYSTEM, FOR IF
THEY DID, I BELIEVE THERE
WOULD BE A REVOLUTION
BEFORE TOMORROW MORNING.”
- HENRY FORD

Banks and banking were aliens to the Sri Lankan financial system until the introduction of banks in British colonial era (1796 -1948). By the time foreigners held a monopoly with regard to trade, commerce and industry over the local traders,

which exerted power over the domestic financial system. Hence, there was a need to systemize the procedure by introducing a national level solution to facilitate the local as well as foreign financial intermediation. As a result, a national level bank; Bank of Ceylon was established following the approvals of the State Council of Ceylon in 1934 by Sir Andrew Caldecott, then Governor of Ceylon. Until the

independence the Monetary Authority to the country was the Currency Board System established under the Paper Currency Ordinance No. 32 of 1884. Yet, due to the inadequate policy guidelines to promote a growing independent nation the Currency Board System was dissolved by the post-independence government of Sri Lanka. With the support of the technical expertise from



“BANKS PLAY A CRUCIAL ROLE IN STABILIZING THE FINANCIAL AND ECONOMIC CONDITIONS OF THE COUNTRY. THEY ACCOUNT FOR ABOUT 60% OF THE GDP AND EMPLOYING ABOUT 40% OF THE TOTAL WORKFORCE. THE BANKING SECTOR CONTINUED TO DOMINATE THE FINANCIAL SECTOR, ACCOUNTING FOR ABOUT 62.4% (EXCLUDING THE CENTRAL BANK) OF THE TOTAL ASSETS OF THE FINANCIAL SECTOR AT END 2018.”

Federal Reserves of USA, a new body was established to administer and regulate the entire money, banking and credit system of the country. Accordingly, the Central Bank of Ceylon was established by the Monetary Law Act (MLA) No.58 of 1949 and commenced operations on August 28, 1950. It was renamed the Central Bank of Sri

Lanka (CBSL) in 1985.

Throughout the past few decades the financial sector continued to grow widening the depth and breath of the Sri Lankan banking industry. As of today, Sri Lanka has a fairly well diversified banking system which includes 26 Licensed Commercial Banks (LCB); 13 domestic banks and 13

foreign banks, 7 Licensed Specialised Banks (LSB); a national level savings bank, 2 housing financial institutions, a regional development bank and 3 licensed specialised banks. Citibank N.A. is the only U.S. bank operating in Sri Lanka. Accordingly, there are 6,881 total bank branches island wide and 5,031 Automated Teller Machines situated as of 2018 end. Banks play a crucial role in stabilizing the financial and economic conditions of the country. They account for about 60% of the GDP and employing about 40% of the total workforce. The banking sector continued to dominate the financial sector, accounting for about 62.4% (excluding the Central Bank) of the total assets of the financial sector at end 2018.

The service provided by the banks been extended from traditional banking to a diverse area. For instance, apart from the traditional services such as money deposits and lending; merchant and investment banking, financial and marketing consultancy services, leasing, insurance, hire-purchase, factoring, bill discounting, pawn broking, underwriting are few services extended by the commercial banks. They have also changed from manual systems to computer-based systems and now to internet-based systems and with especially the new entrants to the field playing a major role in introducing or making use of state-of-art technology to deliver their products. Thereof, online banking facilities, mobile applications, tele banking have become an essential portion of the banking service. The non-bank financial institutions have also increased in number and sophistication with leasing and insurance companies posing a larger challenge.



Dr. Indrajith Coomaraswamy, Governor of Central Bank of Sri Lanka emphasized the importance of new trends in the banking industry and the measures taken to regulate such innovative facilities by the CBSL at Asia Banker Finance Sri Lanka Conference on September 2019. In accordance, he described the rapid development of financial technology (fintech) along with electronic payments and funds transfer systems have emerged as the twin pillars of modern banking development. He further noted, the development of fintech using smartphones has become the global attention. As the trend shift from payment cards to mobile-based application such as e-money, QR code-based payments, near field communication (NFC) contactless payments etc. Such innovations will lead to another paradigm shift in the banking industry while introducing new banking models. As a result, there are new non-banking institutions who are competing to grab a portion of the banking value chains.

Similarly, partnerships between banks and fintech companies are rapidly growing widening the banking facilities further at an improved efficiency and lesser transaction cost.

Above all, new technologies introduce new risks that are complex and difficult to deal with, whereas the existing risks may not be eliminated. Therefore, fintech cannot justify lenient regulations. As the regulator, CBSL has to revisit their roles and responsibilities to fit with the current spread in technological advancements in the banking industry. Appropriately, CBSL has to achieve their objectives of financial system stability while confirming the customer protection and safety. Dr. Coomaraswamy further elaborated key points and future considerations in terms of improving the banking industry; implementation of Basel III Capital Requirement and adoption of SLFRS 9 to ensure high quality capital, strengthening the regulatory framework further inline with

Basel Core Principles and the drafting of New Banking Act, introduction of Bank Sustainability Rating Indicator (BSRI) as a means of enhancing the bank examination methodology, improvement to technology risk resilience to deal with increased risk in cyber security. A proper balance between the regulation and innovative digitalization may facilitate the growth in banking services.



By Samadhi Weeraratne
Lecturer - Faculty of Business

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COMMITMENT AND PASSION: DRIVERS OF AN IDEAL BANKER

MR. SENARATH BANDARA

GENERAL MANAGER / CHIEF EXECUTIVE OFFICER-BANK OF CEYLON

“ THE OFFICE HARBORED A RESPLENDENT CHARACTER, ALL MARKINGS OF UNDENIABLE SUCCESS, IN THE 29TH FLOOR OF THE ROUND SHAPED ICONIC BUILDING IN THE COLOMBO CITY, WITH THE BEST VIEW OF THE UP-COMING PORT CITY AND THE HARBOR. YET, WITHIN THIS SPACE, WE MET A MOST CONGENIAL INDIVIDUAL, MR. SENARATH BANDARA, THE GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER OF BANK OF CEYLON, THE NO. 1 BANK IN THE COUNTRY. AND HERE IS WHAT HE HAD TO SAY TO US... ”

Please enlighten us on your personal journey in the banking industry.

Becoming a banker was mere chance. I never thought of joining a financial institution. I was a graduate in Physical Sciences at the University of Kelaniya, an ardent student of double mathematics and Chemistry. The only background that I endured in the management arena, was a short stint at the

Management Faculty, at University of Kelaniya itself, where I had to support students with Mathematics tutorials. After about one and half years there, I ventured on to work at the Mahajana Authority as a statistician, focusing on the Mahaveli project. This was a contract-based assignment, thus, one of my dearest mentors, Dr. Anura Ekanayake, gave me the shove in the right direction, by insisting that I apply for the vacancies at BOC and Central Bank, advising me that the banking

industry is indeed the most stable one.

Thus, heeding his advice, I sat for the selection exam in 1987, and was one of the 30 candidates who were chosen, for a training period of 9 months at BOC. Simultaneously, I was offered the job at Central Bank too. Even though Central Bank offered the better remuneration, I was very happy at BOC and wanted a place that ensured dynamism; thus, BOC was my choice, and as you can



“ I WAS ALSO INVOLVED IN CHANGING BOC LONDON BRANCH TO A SUBSIDIARY. THOUGH IT WAS A TEDIOUS PROCESS, I WAS ABLE TO MAKE IT A SUCCESS. MY PASSION ANYWAY LIED IN THE CORPORATE SECTOR. THEN I GOT THE OPPORTUNITY TO COME BACK TO THE CORPORATE SECTOR AS AN AGM. ”

see, I never looked back.

I had no idea what the banks were about till I joined the bank. It was a requirement for us to complete the first part of the banking exams to get confirmed in the bank. I went for classes to complete my banking exams and I still remember I was late to the Accounting class on the very first day as I was coming from Kurunegala. There the teacher had already started the class and I sat next to one of my colleagues and I didn't know what to do. My colleague told me that I had to draw lines and put the

numbers as the teacher had done on the board. The teacher did the second one; then, I understood the logic behind it. That's how I started

learning Accountancy. So, I got the confidence that I would be able to pursue my career in the banking field.

As I was a mathematics student and as I was exposed to the computing and technical fields, I got the opportunity to get involved in many projects after the 9 months' training. I was mostly involved in the programming side of the projects. Later on, I moved into the investments and treasury. I was working as a dealer as well. I went to the London branch as an Assistant Dealer. On my return, I switched



from treasury to credit. Somehow, I got the opportunity to work as the customer service manager as well, then I realized that it is much enjoyable to work there.

I would say, for anyone to progress in their career, they need to have commitment, and the passion for whatever they are doing. I also had a dream of following an MBA. Just after joining the bank, I applied for MBA at PIM. Unfortunately, I couldn't complete because I just got married and my wife was working at Anamaduwa. Then I thought I should at least complete my banking exams. Again, almost after 10 years, I applied for the MBA again and I got selected. Since I was the Relation Manager, it was hard to pursue higher studies while working, but somehow, I managed to complete it. I gave my priority to the work and then focused on my studies. My experience in the field helped me a lot and I even got a merit pass for my MBA.

I was also involved in changing BOC London branch to a subsidiary. Though it was a tedious process, I was able to make it a success. My passion anyway lied in the corporate sector. Then I got the opportunity to come back to the corporate sector as

an AGM. While I was there, the DG international was looking for a general manager for the BOC, London. He asked me to apply for the position. I was bit reluctant at the beginning but after a careful thought I applied for the post thinking that I could make the branch a profitable one. This was also an opportunity for me to run an organization as a CEO and it gave me immense experience. I had to work with regulators, financial authority in UK, internal and external editors. The toughest part was complying with their regulations because they were ahead of us. And I had to directly report to the board and I was also a part of the board of directors. While I was there, I faced the DGM interview and I got the appointment and had to come back after 1 and ½ years.

Then I was appointed to the product and development banking section. Though it was completely a new area, I enjoyed that too. One unique thing in me is I enjoy wherever I go and whatever I do. I do not get bored. I have enough things to do. I worked there for four years.

I believe that three critical decisions brought me to where I am today: going to the university to pursue my higher studies in physical science

without making another attempt to go to the Engineering faculty (because I completed my studies soon and was able to get much work experience), choosing BOC over Central Bank and then switching from Treasury to Corporate within the bank which then led me to my passion of working with people. I was also being honored with the chance to pursue an Advanced Business Programme at Harvard University on the expense of the company, and then being promoted to the Top Management.

What is your definition of a 'good' bank?

Well, in my opinion, a bank must certainly be financially stable, not simply vie for profit but ensure that economic responsibility is within the crux of its operations, and of course ensure that priority groups are given its due recognition and banking care. And a good bank should also provide the customers with all range of services.

It is essential that a bank does some honest work in serving the nation, supporting in the process of uplifting living standards and social structures, and make sure it serves the entire population, whilst also being concerned about the sustainability and the environment.

Furthermore, a good bank or any corporate in fact, must ensure the welfare of its employees. I believe that the three main principles are; Profit, People and Environment.

Tell us a little bit about BOC's role in contributing towards the economy?

Contributing towards the economy is a given for all banks. In our case, I believe this is all more efficiently done. Primarily since we are a national bank, and fully owned by the government.



We have around 66 branches island wide, with a 20% market share and 2.3 trillion net worth. Thus, as a bigger bank, we certainly contribute much more to the economy.

We engage in almost all state activities, by funding infrastructure, development and education projects, NSBM being one such endeavor that we are greatly proud of. We work very closely with the governments and support all development agendas. We are also the banker to many government institutions. We serve all walks of life.

BOC Mithuru is another such project that directly contributes towards the economy. It is a micro finance initiative and supports priority sectors by educating them on basic banking services.

We support many categories including the trade sector, the priority sector, and even the self employed via supplying funding opportunities.

Further, we support inward remittances, by facilitating the remittances of Sri Lankans working in countries like Middle East, Italy and Korea. We own a 40% market share in this sector. Moreover, in terms of taxes and dividends we pay back to the government, which in turn comes back to the people, amount to Rs.25bn annually.

We have two principles that we follow: profit and development. As a financial institute, we need to work for profits. But at the same time, we have development objective to develop the financial standards of people in the society

through development activities.

What sort of challenges would you say the banking industry faces?

The banking industry is always evolving, in terms of innovation, service improvement and even product range. However, technology helps us improve the efficiency. BOC has been in the industry for 80 years, and I have been with the bank for the past 30 years, throughout the years, we have been able to work with a constant capacity of employees, due to the support of great tech.

At the same time, the sense of disruption with innovation has been a challenge, since most often innovation soon alters or even becomes obsolete. Cyber threats

could be problematic to the industry too, with information security being key in the trade. And of course, in addition to competitors such as Fintech, adopting to regulatory requirements too sometimes could pose as a challenge to us.

The perspective, especially with state owned banks, is that it has a lot of red tape, what are your thoughts on this?

Hmm... yes, I am aware of this perspective. We are easily afforded the 'state tag'. The truth of the matter is that, all banks have lengthy processes, and this is simply because we are regulatory institutions. And as we take public money, it is our responsibility to ensure that it is safe.

From the first process of identifying our customer, to the point of affording the service, we must ensure that we act responsibly. It is, therefore, necessary for us to screen all ends of the transaction. All this is done for the benefit of our depositors and the public. With our primary responsibility towards our depositor and also due to our moral obligations to the society, it becomes imperative, to ensure the safety of their assets and maintain the valuable trust they have placed on us. Thus, no unethical activity takes place from any of the stake holders involved.

Technology can only help us streamline the process, but can never replace these clarity check points, as it requires a human to make the right decisions. The customer has a role to play in this procedure too, as long as the customer's paperwork is in order, the decision making could easily be swift and hassle free.

Would you say the Sri Lankan Banking industry is on par with global standards?

Yes, certainly! We are definitely on par with banks of the world. We follow international rules and regulations. In terms of certain rules and regulations, we are ahead of our neighboring countries.

The Sri Lankan banking industry is very advanced. We have a very independent central bank. And even the Governor's structure is very well placed. Thus, we can easily compete with world renowned banks. If you consider the 2008/9 financial crisis, nothing serious happened to the financial system in Sri Lanka.

We also provide the banking services with the digital channels. Our banks are looking at the possibilities of using technologies such as artificial intelligence, robotics and data analytics. Further, Sri Lanka has a fully-fledged banking institute. It provides the banking education to the staff.

Though banks compete with each other, we work collaboratively for the betterment of the banking industry. Thus, I would say that Sri Lankan banks are also on par with the other banks in the world.

What are your thoughts on the significance of student loan schemes?

I believe they are very important. At BOC, we have a solid loan scheme for students in place, where they are given the freedom to choose a course of study in any stream, as long as it is UGC accredited, as we want to make sure that the students gain a quality education. These students are then allowed to pay us back, only after graduation and once they commence work.

Further, BOC also offers

scholarships for highflyers in the grade five scholarship examination as well as for undergraduates in local universities, where we provide them a per diem, which they could use for their expenditure during the course of their three to four years at the university. This is actually a part of our CSR programme.

As a successful banker, what sort of skills and attitudes do you look for in a graduate in the banking industry?

Well, of course a degree, and although you would assume that it must be one specialized in Banking, it is not necessary. Of course, the bulk of the work is related to banking and finance; however, we do have quite a few roles that are related to general management as well.

A degree is of course an added bonus, and the key to start a job, to ensure that the graduate has a basic qualification and right level of intellect and aptitude to take on the job, but it is not sufficient to rise up in a career. What we find even more valuable is how well he/she is able to translate this knowledge to application. In addition, there's of course the soft skills, language skills, good attitude, interpersonal skills and so on. But most importantly, we want graduates with common sense and the ability to smoothly adopt into the company culture, possess the emotional intelligence to understand the nuances and demands of the organization, and learn fast, with confidence. Confidence is certainly key. If they are with the right attitude, they can rise up to the level of even CEO in our company.

**By Natashya Chamba,
Piyumi Udeshinee &
Sulakshana De Alwis**

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ADAPTING AND CATERING TO
THE EVER EVOLVING SRI LANKAN ECONOMY

THE MOST HUMBLE ECONOMIST OF THE GENERATION

DHARMA DHEERASINGHE
CHAIRMAN OF COMMERCIAL BANK

How is the Commercial bank on par with technology and innovativeness?

We encourage trade in order to deal with foreign buyers. Customers have to open LC's and it should be accepted by the counter party. Bankers play the key role in intermediating all the activities. In order to do all these activities we need to have systems. Today we spent more time and cost on systems. Even a single foreign exchange business we need to be in par with other banks, so we use technology to each and every activity done through the bank.

How do you manage with the fully automated

“WE HAVE A REGULATED INDUSTRY. BANKS AND FINANCE COMPANIES ARE LICENSED BY THE CENTRAL BANK AND WE HAVE MULTIPLE REGULATORS LIKE SECURITIES AND EXCHANGE COMMISSION, ACCOUNTING AND AUDITING STANDARDS MONITORING BOARD, ICASL, COMPANIES ACT. WHEN IT COMES TO REPORTING WE HAVE TO COMPLY WITH INTERNATIONAL REPORTING STANDARDS. IN UNITED KINGDOM, THEY HAVE SINGLE FINANCIAL REGULATORS.”

Commercial bank branches?

We have 3 fully automated branches, there is a cyber security threat to our automated branches but we asked our customers to change their password every three months period, if so no one can hack customers account and that is how we secure our customers properties.

Why does Sri Lanka have strict banking regulations, lengthy process compared to international banks?

We have a regulated industry. Banks and finance companies are licensed by the Central bank and we have multiple regulators like Securities and Exchange Commission, accounting and auditing standards monitoring board, ICASL, Companies act. When it comes to reporting we have to

Briefly explain about your journey from International Monetary Fund to Commercial Bank

This is my 45th year in banking sector. I started my career in BOC as a Management Trainee in 1975, just after my degree from University of Colombo. Then I started my job at Central Bank from 1976-2011, in there I completed my 35 years of my career and I was at the International Monetary Fund nearly 2 ½ years. In January 2010 up until the end of 2011 I was the deputy governor and I worked as an alternative executive director for India, Bangladesh, Buthan and Sri Lanka. I retired and joined Commercial bank. I was the deputy chairman until July 2014, from that point onwards I'm the chairman to the board.

How the Commercial bank is in par with technology and innovativeness

We encourage trade in order to deal with foreign buyers. Customers have to open LC 's and it should be accepted by the counter party. Bankers play the key role in intermediating all the activities. In order to do all these activities we need to have systems. Today we spent more time and cost on systems. Even a single foreign exchange business we need to be in par with other banks, so we use technology to each and every activity done through the bank.



comply with international reporting standards. In United Kingdom, they have Single financial regulators. We have to fulfill international intelligence requirements, if some violation done by a customer, bank is also responsible for that.

Foreign countries have a proper code of practices not laws; they have the choice of subscribing codes/regulations, what is your point on this?

We also had voluntary code of conduct. But now it has been a

mandatory code of conduct and a part of corporate governance. In commercial bank we have ethical code of conduct which staff has to comply with.

What do you think about the nonperforming loans in Commercial bank?

In our bank NPA (Non Performing Assets) ratio is 5%. Now the NPA is rising, with the Easter attack government ask to provide

moratoriums for the tourism industry in order to do operations and other activities till March 2020. Up until March we can't recover their loans and capital is frozen for that period. There is another moratorium for tea industry. This shows there is a rising in nonperforming loans and it is the biggest challenge to every finance company.

What are the risk management strategies taken by Commercial bank?

It is the key element in a bank. We have separate department, a chief risk



As the chairman of Commercial Bank Sri Lanka, What is your perception on satisfying customers?

Customers are kings and queens. Customer relation is a combination of life and death of a banker. They need to know how to manage customers and customer needs. We recruit banking trainees and they are the people who promoted as managers. This is our 50th year celebration as a corporate bank having our own CEO, COO who work until their retirement. This is the reason behind of Commercial bank to have a good customer service.

How do you recruit employees to the Commercial Bank?

We recruit management trainees at the age of 25 years and we train them at least 3-4 years. If we recruit employees at age of 30's, they have no time to commit for work. This is a 24 hour job. Everybody are in a learning curve and it doesn't matter the age to acquire knowledge.

Do you think your bank serves the customers as well as the nation as a whole?

Yes, of course. Banking sector is a part of people and economy. When you look at the liquidity, capital, growth, corporate governance and structure banking sector plays a vital role in the economy. As a bank we are earning profit and we are rated as AA+ which is the highest rating for banks in Sri Lanka. From all these things we serve customers and nation as a whole.

According to your point of view, what is the best way to save?

“WE ARE THE LARGEST BANK IN SRI LANKA. UP TO NOW WE GOT 27 DIFFERENT AWARDS AND WE ARE THE ONLY BANK AMONG FIRST 1000 BANKS WORLDWIDE FOR THE 9TH CONSECUTIVE YEAR. OUR ANNUAL REPORT IS THE BEST ANNUAL REPORT IN SRI LANKA. WE ARE A VERY RESPONSIBLE STAKEHOLDER AND ONLY IN 2018 WE PAID 15.5 BILLION RUPEES AS DIRECT TAX FOR THE GOVERNMENT.”

officer. Each and every credit facility reports to the risk department and they do an analysis for each and every credit activity. Risk officer is responsible to sign whether it is a high, moderate or low activity. As a bank we get depositors from public and lend money to our customers, what is important is having a good credit or borrowers with capacity to repay.

What about the financial advisory services of Commercial bank?

We have financial advisory services; we are responsible for the public. If we lend to non credit worthy customers then those customers will

fail. Apart from financial advisory we have investment advisory to have IPO's, if a corporate wants to issue shares, we do book running, debenture issues, under rights etc.

How does government impact the banking sector?

We are the largest bank in Sri Lanka. Up to now we got 27 different awards and we are the only bank among first 1000 banks worldwide for the 9th consecutive year. Our annual report is the best annual report in Sri Lanka. We are a very responsible stakeholder and only in 2018 we paid 15.5 billion rupees as direct tax for the government.

“ I THINK TODAY BUSINESS, FINANCE, MANAGEMENT AND ACCOUNTING ARE VERY POPULAR. THESE PEOPLE HAVE MORE OPPORTUNITIES THAN ANY OTHER CATEGORY. MOST OF THE GRADUATES ARE JOINING TO FINANCIAL INSTITUTIONS AND THEY TAKE UP OTHER RESPONSIBILITIES IN OTHER CORPORATE. IF GRADUATES WANT TO BECOME PROFESSIONALS THEY CAN DO CIMA, CFA, ACCA. ”



AWARDED BEST BANK OF THE YEAR –
GLOBAL FINANCE AWARDS 2019

According to economics people get income, part of it for consumption and other is for saving. Lowest income earners they have negative savings. As the income increases people are thinking about savings. If you are saving money that means you are sacrificing your consumption. As bankers we have saving campaigns annually, we sent our staff from house to house and they encourage savings. We have “Arunalu” a children savings account in order to encourage children to save from small ages using tills.

In Sri Lanka the problem is the lower level of savings. Lower level of savings means there is a lower

level of investments. So we need to promote savings as well as foreign investments.

Do you have any inspirational advice that you would like to share with undergraduates who are doing Finance and Banking degrees?

I think today business, finance, management and accounting are very popular. These people have more opportunities than any other category. Most of the graduates are joining to financial institutions and they take up other responsibilities

in other corporate. If graduates want to become professionals they can do CIMA, CFA, ACCA.

What are the skills that graduates need in order to have better employability opportunities?

I think employability is the main thing that would acquire by a graduate. When I was an undergraduate there was this argument, whether a graduate or a degree is a qualification for a job. It is not a qualification, but I think today is different from past and we have to go together with the change otherwise we will perish. Mainly students have to get knowledge in Maths, IT and English. Not only English it can be any other international language because we need the medium in order to access the knowledge. Second main thing is IT, most of the corporate operations are computerized and have mobile technology. Even Commercial bank has three branches without staff.

**By Jayani Perera &
Dinusha Sathsarani**

THE BEST WAYS TO BECOME A

MILLIONAIRE



THINK YOU CAN'T BECOME A MILLIONAIRE? YOU MIGHT BE SURPRISED AT THE VARIOUS WAYS YOU CAN GET THERE. BUT BEFORE YOU GET TOO EXCITED, IF YOU THINK BECOMING A MILLIONAIRE MEANS FANCY CARS, A LAVISH HOUSE, AND AN UPSCALE LIFESTYLE, THINK AGAIN. IF YOU HAD A MILLION AND SPENT IT THAT WAY, YOU'D BLOW THROUGH IT PRETTY QUICKLY.

IN RETIREMENT, \$1 MILLION MIGHT PROVIDE YOU AN INCOME OF \$50,000 A YEAR IF YOU CAREFULLY INVEST IT USING EITHER WITHDRAWAL RATE RULES OR A TIME-SEGMENTED APPROACH. HOWEVER, A MILLION DOLLARS IN THE BANK IS WELL WORTH ASPIRING TO, AND IT MAY BE MORE ACHIEVABLE THAN YOU THINK. HERE ARE EIGHT WAYS TO BECOME A MILLIONAIRE.

DEVELOP YOUR CAREER AND EXPERTISE



Many millionaires are millionaires because they worked hard and found a way to earn a lot of money. They earned degrees, professional designations, and certifications to increase their knowledge, and they were often willing to spend time doing low-paid internships and apprenticeships to learn their craft. As they became experts, they began to earn more.

SAVE DILIGENTLY AND INVEST FOR GROWTH



You can become wealthy by spending less than they make, saving diligently, and investing appropriately. How much you need to save depends on how much time you have and the rate of return you will earn.

The biggest mistake people make that keeps them from reaching millionaire status is they upsize their lifestyle when their income rises. When your income goes up, the first thing you should increase is the amount you contribute to savings.

Have an emergency fund available so that you don't have to dip into savings. What's more, have a focused plan for how much you'll save every paycheck. If you can put those savings in an account you never touch, you'll be well on

your way to building that nest egg. Bonus points if you can put it in an account with a high interest rate.

CREATE INTELLECTUAL PROPERTY



Intellectual property includes things like books, trademarks, patents, songs, scripts, and art. Some professors use their expertise to write books and consult in their field. Other subject-matter experts design seminars, workshops, and training programs where they sell their books and other materials.

Artists such as actors and singers essentially turn themselves and their "image" into a marketable entity. Electricians, plumbers, woodworkers, masons, and other craftspeople may create new tools to use in their industry.

The same thing is true for surgeons and dentists who design improved instruments. Software developers turn their ideas and code into intellectual property. If you have an idea or achieve mastery at what you do, think about ways you might create subscriptions, licenses, or franchises to expand on your position in your industry.

BUILD A BUSINESS

If you are in a service business, creating a duplicatable business model can be challenging; typically the business is in your area of expertise, and you are the business. You have to figure out a way to train others to do what you do so that you can work on your business rather than work in your business.

The situation is different if you make a product. You have to figure out how to market, manufacture, and distribute that product profitably.

INVEST IN REAL ESTATE



Real estate millionaires put in a lot of hard work early on, but it pays off later in the form of residual rental income, not to mention rising real estate values over time. Those who develop real estate projects also take on significant risks; some pay off big, and others create losses. Be prepared for ups and downs with your real estate ventures.

HIRE A FINANCIAL ADVISER

Even though you may be taking what you think are all the right steps, you should still consult a professional.

Wealth advisers can work on helping you create a road map for your savings goals, point you to wise investments, and identify areas where you can reduce expenses or get better returns on those investments.

MAKE SMART INVESTMENTS



Being a smart investor doesn't always mean playing the stock market and hoping you get in on the ground floor for the next Apple or Amazon. Figure out which investments work for you; this might mean maxing out your 401(k) or opening an IRA or even a money market account. The idea is to avoid having all of your savings in passive accounts. You want to make your money work a little bit.

Nor do you have to use an excessive amount of your income for investment purposes. Find an amount that you're comfortable with and start there.

CREATE A FINANCIAL PLAN

Whether you hire a financial adviser or decide to go it solo, you need a plan of action. How much will you save? Where will you invest and when? What if you get laid off from your job or you have a financial setback? Try to prepare for as many outcomes as possible. You don't have to always imagine the worst-case scenario, but you should know what you'll do if you get off track.



courtesy : <https://www.thebalance.com/becoming-a-millionaire-2388379>

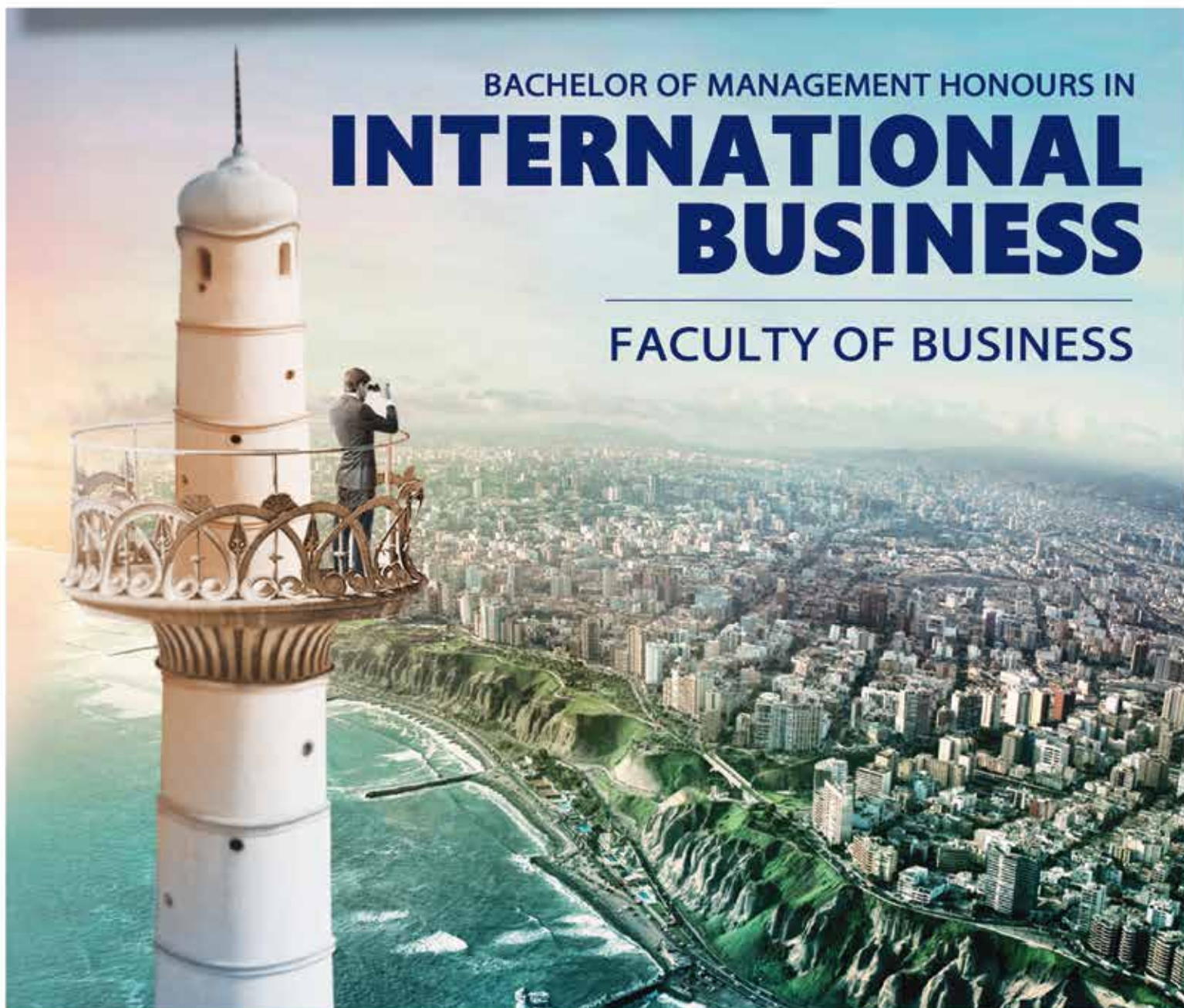
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SampathBank

CONSISTENCY OF POLICIES: AN IMPERATIVE ELEMENT IN BANKING

MR. THARAKA RANWALA

SENIOR DEPUTY GENERAL MANAGER, SAMPATH BANK PLC

RECOGNIZED BY THE PRESTIGIOUS WORLD FINANCE BANKING AWARDS FOR THE 5TH CONSECUTIVE YEAR, AS THE BEST COMMERCIAL BANK AND RETAIL BANK – SAMPATH BANK HAS PROVEN TO BE ONE OF THE MOST RESILIENT BANKS IN THE COUNTRY. EQUALLY RESILIENT AND MULTI-TALENTED, THE GENTLEMAN STEERING 70% OF THE PROCESSES OF THE BANK, STEMMING FROM MARKETING, RETAIL TO OVERALL OPERATIONS, MR. THARAKA RANWALA, THE SENIOR DGM OF SAMPATH BANK, WAS HUMBLE ENOUGH TO AFFORD US AN INTERVIEW, WHICH IS SURE TO INSPIRE ALL OUR READERS.

WHAT IN YOUR OPINION WOULD YOU CONSIDER TO BE A GOOD BANK?

For a good bank, there is a huge role to be played by the banking system in the country. The bank will not stand in isolation to be termed as a good bank, the banking system must allow it. The banking system consists of – regulators, environment you work in etc. The regulators certainly play a major role.

To answer you in academic and practical terms. For a bank to be



MODERNIZATION
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a good bank from a framework perspective we need certain important elements, a bank should be conducive to the economic conditions of the country, it must adapt sound financial principles, for a bank as an individual entity the two main core functions of the bank are, in simple terms, taking deposits and dealing out loans. The strength of the bank is measured by how well it mobilizes deposits, and it comes in two parts – financially, the numbers – which we must understand is simply 20% of the weightage, where 80% is the

brand image which plays a huge role to mobilize deposits. Furthermore, controlled credit is important – in layman terms, meaning that the bank must never lend more than how much

it takes as deposits, banks must therefore, understand the economies of the market and its changes and then lend accordingly.

Modernization of the bank is also key, we must embrace new technology and innovation – this is the benchmark to see, to say a bank is good, we must not fail to embrace technology and keep up with the trends and adapt to change and innovation. Uniformity and consistency in the policies the bank adopts is paramount, this is also one of the key issues this nation faces,



people change their policies for personal gain, even religion teaches us that we should stay disciplined regardless and maintain a uniform mindset, yet unfortunately this is an area we struggle with.

To me personally, the next factor is the primary thing to be good banker, understanding or knowing your customer base. This is a crucial factor, you cannot be everything to everybody, neither can you be choosy. And of course, last but still equally important is how you look after your staff, their training as well as how well you treat them, basically managing your human capital at an optimum level.

HOW WOULD YOU SAY YOUR BANK IMPACTS THE ECONOMY?

Banks play a pivotal role in the contribution to the economy and its development. Especially with supporting businesses or helping individuals manage finance, we are contributing. Banks are the institutions that create the right environment for that.

AS A RESULT, BANKS FIND THAT COMPETITION COMES FROM THESE INSTITUTES AND NOT FROM OTHER BANKS. BANKS BEING BANKS, YOU WILL FIND THAT THEY ARE MORE OR ELSE SUBMERGED INTO A TRADITIONAL MOULD, AND THEIR TRADITIONAL MOULD DOES NOT SUPPORT TECHNOLOGY AND INNOVATION TO A GREAT EXTENT. WHEREAS, WITH TELCOS AND FINTECHS, THEIR ENTIRE BUSINESS RESTS ON INNOVATIVE TECHNOLOGY. SO AS RESULT, BANKS NEED TO ACTUALLY RE-MOULD THEMSELVES.

Elevating statuses, standards of individuals and businesses, these automatically contribute to the economy. With livelihood and businesses elevated, this act of raising of standards automatically contributes much to the economy.

WE LIVE IN A WORLD WHERE INNOVATION HAS BECOME A NORM, HOW DOES THIS POSE TO BE A CHALLENGE TO THE BANKING INDUSTRY?

In my opinion, the biggest challenge for banks is not so much that banks lack innovation – that is not the challenge – the challenge is two-fold, one is the challenge that stems from Telcos and Fintechs who have gone into the profession of banking and is maintaining this business much more aggressively than banks themselves.

As a result, banks find that competition comes from these institutes and not from other banks. Banks being banks, you will find that they are more or else submerged into a traditional mould, and their traditional mould does not support technology and innovation to a great extent. Whereas, with Telcos and Fintechs, their entire business rests on innovative technology. So as result, banks need to actually re-mould themselves.



“FROM
AN INDUSTRY
PERSPECTIVE,
IF ALL BANKS
COLLECTIVELY
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CONCEPT OF
DIGITALIZATION, OUR
CUSTOMERS WILL
ALSO ADOPT”

Having the ambition and aspiration alone is not enough, since banks have been groomed in this traditional setting, thus, for bankers themselves, adapting is difficult. The first challenge comes from there.

The second challenging factor, is even if these technologies are implemented, how adaptive is the market to it? This may be a challenge even to the Telcos, however, they already have a system in place to assist their customers. Their client is savvy with the tech, so they offer banking tech via the same technology. Banks however, took a bit of time to embrace technology, but we are on the right track now.

From an industry perspective, if all banks collectively promote the concept of digitalization, our customers will also adopt. However, I must say that the banks are now on the right track, may not be as fast as we want, but we are certainly getting there.

**AS A
VETERAN IN THE
BANKING INDUSTRY,
WE WOULD LOVE TO
HEAR OF SOME OF THE
TIPS AND TRICKS YOU
USE TO MANAGE
FINANCES.**

My first response to this question, especially to the youth, get a hold of the book, 'Rich dad, Poor dad.' It will tell you exactly what you need to know about finance. First thing you need to do, does not start with, how do I manage my finances, he commences with, 'what is my income?' and 'what is

my outflow?'

You go to any audience, and ask them, 'how many of you know how much you earn every month?' a good 75% will know the precise number. However, the next question – 'what your exact expenses for the month are, with specifics of what portion goes for utilities, education, miscellaneous etc.', not even 10% will be able to answer this. Knowing how much your income is, is not rocket science, you need to know the specifics of your expenses, so you can plan accordingly.

For instance, you need to know how much of electricity you consume during the month. I can easily say my exact numbers. This is where your finance management starts.

Then, you need to know that regardless of how much you earn, you must save for a rainy day. It doesn't matter how much you save, as you go up the ladder,

your saving capacity will increase. But the principle must be there.

Then we come to the biggest problem. Certainly most people want to save, but when you ask them how to, they will say.. I have an 'x' amount of expenses and then what is remaining I save. But that should not be the case. As soon as you get your monthly income, the first thing you need to do is save, and then you can use the balance for your expenses.

People who have succeeded in life in managing your finances, do it this way. And with technology, this is much easier. Even I follow this, as soon as my salary comes in, I transfer a fixed portion to an account that I utilize only for saving. This way I know, if I have 100,000 coming into the account, I have only 90,000 to spend. Thus, if you know how much your spending is, this would be easy.

Unfortunately, even though, we offer a return for savings we still have only about 30% of the population saving.

The other thing to know, is the essentials to spend on, the not so essentials to spend on and the 'good' to spend. The essentials are of course the basics, what you absolutely need to spend on. Not so essentials are the things that come onboard on an adhoc basis, for instance an event etc., then you have the 'good' to spend, this is if you want to buy a rolex, a tag or a seko in terms of choosing a watch. This way, you need to know what would be useful or what would appreciate value.

For instance, a car is most often a liability, however, in this country if you buy a Japanese vehicle, it appreciates in value. I decided at the point of purchasing my fourth car, that I will not invest in a vehicle that does not appreciate

value and will only drive one of those luxury European vehicles only if I earn via my position at the company I work for.

In life when you go up and succeed in things, you will want to have certain luxuries in life. However, you need to adjust according to priorities.

For instance, when I started working, even at college, I wanted to dress well. I was always selected as the best dressed even though I had just two pants and two shirts. I didn't have the luxuries, but I wanted to be the best dressed, the smartly dressed one, regardless.

Basically, managing finances, is knowing your objective in life and managing it accordingly. Of course the key rule thus, is to know clearly what is coming in and more importantly what needs to go out. The usage of Instruments of managing finance,



WE HAVE HEARD OF LOAN SCHEMES AFFORDED TO STUDENTS BY INTERNATIONAL BANKS, WHERE THE REPAYMENT DATE IS SET WHEN THE STUDENT COMMENCES EMPLOYMENT. WHAT ARE YOUR THOUGHTS ON THIS?

Until some time ago this industry did not have it. Look at Singapore for instance, everything is connected, in terms of finances there. Companies will finance you for education in order to absorb you into it.

Some time back, at Sampath bank, we started to finance some university students, on the condition that they would work for us, after their degrees and pay back via that. But this, was a specially curated deal with a particular institution for a short period of time.

So yes, the model has been looked at, but not there in a rigorous and wider scale because of the limitations of the country. But certainly, this is where future is. Banks must collaborate with institutions and do this.



like credit cards etc., its always better to use it not as a credit card but as a convenience card. People fall into trouble when they use credit cards as credit, as your requirement overshoots your income. The smart way is to use it as a convenience card to achieve what you want, via installments and those kinds of attractive facilities. Unless you have the capacity, do not go for it.

HOW WELL WOULD YOU SAY THE BANKING INDUSTRY IS PERFORMING IN SRI LANKA?

This would be my shortest answer. The industry is very robust in the country. Are we over banked? Yes and no, controlling this is the role of the regulator. There was a time when there were a lot of mergers etc., due to this fact, however, now things have settled. And once again, the Banking industry is very solid, all the ratings show we are stable, and very much in control. Yes, we may need improvements,

however, all good.

AS SENIOR DGM OF SAMPATH BANK, WHAT ROLE/S DO YOU PLAY?

I overlook the entire regional sector operations of the bank including branch banking, marketing, retail and operations etc. This is about 65-75% of the bank that I overlook, in different capacities and roles. This is the first time that retail and operations has come under one Senior DGM, however, I have come to a system where I have divided the work among DGMs, where I will be looking more from a strategic point and look into what needs to be done in the future, also this way I can groom my juniors to take up higher positions in the bank.

WHAT SKILLS DO YOU LOOK FOR IN AN UNDERGRADUATE AT THE POINT OF RECRUITMENT?

The biggest problem in the graduates is that they are not practical. They are more academic than practical. Being practical is very important. This is the fault of the education system in the country. You need to know what the book says, but you need to know how to practically apply it too.

Someone who comes with professional qualifications are streets ahead of the ones from university. As they are more practical. My biggest accusation is that our generation live with the smart phone, but barely read. For instance, they will see only the surface of matters, they try to understand via the jokes on social media, which is most often a façade.

We want graduates who are practical with the ability to understand the ground realities, and well versed with what is going on in the country and the world, in general.

Natashya Chamba & Hasini Gunasekara



HOW TO BECOME A BANKER

Banking jobs are an excellent fit for anybody interested in personal finance, business, and math. Banks typically provide excellent benefits, opportunities for advancement, and a variety of positions that include customer-facing roles and analytical duties. If you like the idea of working in an office environment and working with numbers, you may want to try a career in banking.

PICK YOUR PATH: You can work in retail banks and credit unions nationwide, commercial divisions with a focus on business needs, investment banks that help firms raise capital, and other types of institutions.

Develop your skills: Before you get a job as a banker, it's critical to be good with numbers. Study math, statistics, or business to build a strong foundation—but don't ignore "soft" skills. If you can score an internship with a bank or another financial-related business, you'll gain valuable

experience and meet people who can help you move forward. Customer service and sales skills are also helpful.

MEET REQUIREMENTS: You can potentially work as a teller with a high school diploma or GED, but personal bankers typically need a college degree. For investment banking, loan origination, or financial planning, you may need advanced degrees, designations, or licenses to land a job or get promoted. That said, you can often begin in an

entry-level position and meet those requirements through on-the-job training and employer-paid programs.

GET HIRED: It's easy to apply for open positions—and that's especially effective for entry-level roles. But you can also try to create your own opportunities by walking into banks and credit unions that you think would be a good fit and asking about available positions. Go through the interview process with several potential employers to learn more about your career

path and sharpen your skills. For higher-level positions, use your network and try informational interviews to learn more about opportunities before they show up in job listings.

MOVE UP AND BRANCH OUT: There's nothing wrong with becoming a banker and enjoying a long career in one place. But if you have the desire, you can move into management or director roles, regulatory compliance, or accounting.

RETAIL BANKING

The household name banks you're most familiar with are probably retail banks. Retail banks, located in almost every city, help individuals and businesses with essential financial needs like checking accounts, savings accounts, loans, and more.

TELLERS: Retail banks and credit unions are an excellent place to start your career. You can start as a bank teller with a high school diploma or GED and continue your studies or move on from there. But you don't have to move on—life as a teller can be a satisfying lifelong career. Tellers work with the local community and develop relationships with customers.

PERSONAL BANKERS AND LOAN OFFICERS: With some work experience and a college degree, you can help customers with more complex needs. Direct them toward bank products and services that help them manage their finances, and assist them with the process of obtaining home and auto loans. You can

also help local businesses with basic banking needs and financing.

SALES SKILLS: Becoming a banker is about more than just helping customers make deposits and withdrawals. You also need basic sales skills and the willingness to promote your bank's services. You shouldn't need to mislead or take advantage of anybody—learn to arrive at mutually beneficial solutions that truly help customers while bringing in profitable business.





COMMERCIAL BANKS

Commercial banks focus on business needs. For example, you can help businesses accept credit card and other types of payments from customers. Companies also need guidance on managing their assets while limiting risk. You might even help organizations do business overseas or borrow money to expand operations.



USEFUL SKILLS: To become a commercial banker, it's essential to understand how businesses work. A business degree is helpful, and an MBA might be even better. You need the ability to evaluate a business' finances and determine what

products and services might be a good fit. Sales skills are increasingly important for business bankers. Banks and credit unions need revenue from active businesses, and it may be your job to grow and retain business clients.

INVESTMENT BANKS

LIFE OF AN INVESTMENT BANKER:

Investment banks are most common in major metropolitan areas (New York City, for example) where potential clients are nearby. To work for the largest investment banks, plan to devote much of your waking life to your career. You need to arrange financing deals and complicated transactions with

sophisticated counterparts.

ANALYTICAL SKILLS:

You need to have strong spreadsheet and analytical skills, and to advance at most firms, you may need graduate degrees and designations. For example, a master's degree in finance or a Chartered Financial Analyst (CFA) designation is common with investment bankers.

Investment banks help businesses raise money in financial markets, and they may help coordinate mergers and acquisitions. Becoming an investment banker is a demanding (and sometimes competitive) endeavor that requires serious commitment. Banks typically hire high achievers who thrive in high-pressure environments.

courtesy : <https://www.thebalance.com/how-to-become-a-banker-4165162>

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Development



What would you consider to be a 'good' bank?

Banks are an important constituent that play a critical role in the economy of a country, through their primary function of financial intermediation. Banks provide a safe investment and savings option for those with excess funds whilst they provide a source of financing by way of loans to those units facing fund deficits.

What would make a truly good bank is one which would serve this primary

purpose with efficiency and within the highest standards of governance and ethics. It should safeguard the interest of the excess units or the depositors with sufficient returns paid and ensuring the redemption of capital and returns at the time of need of depositors. Similarly, a good bank should channel the excess funds to units which would promote economic advancement and financial prosperity in individuals, corporates, the state sector, etc. In doing so, they should make conscious efforts

towards financial inclusion, whereby banking services are taken to all corners of the country and as much of the population is integrated to the formal stream of banking.

Banks are undoubtedly a capital-intensive business; hence a good bank would be one which generates sound returns to its investors. In the meantime, banks are increasingly seen to be integrated to the rest of the eco system particularly the society at large and the environment. A good bank is one

KEY INGREDIENT FOR EXCELLENT BANKING: SOCIAL RESPONSIBILITY ENDEAVORS

MR. DIMANTHA SENEVIRATNE

DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER,
NATIONAL DEVELOPMENT BANK PLC

which also discharges its responsibilities towards these segments through social responsibility endeavors.

A good bank will also embrace opportunities provided by emerging technology, to make the function of banking simpler, more efficient, convenient and less costly.

How does your bank contribute towards the

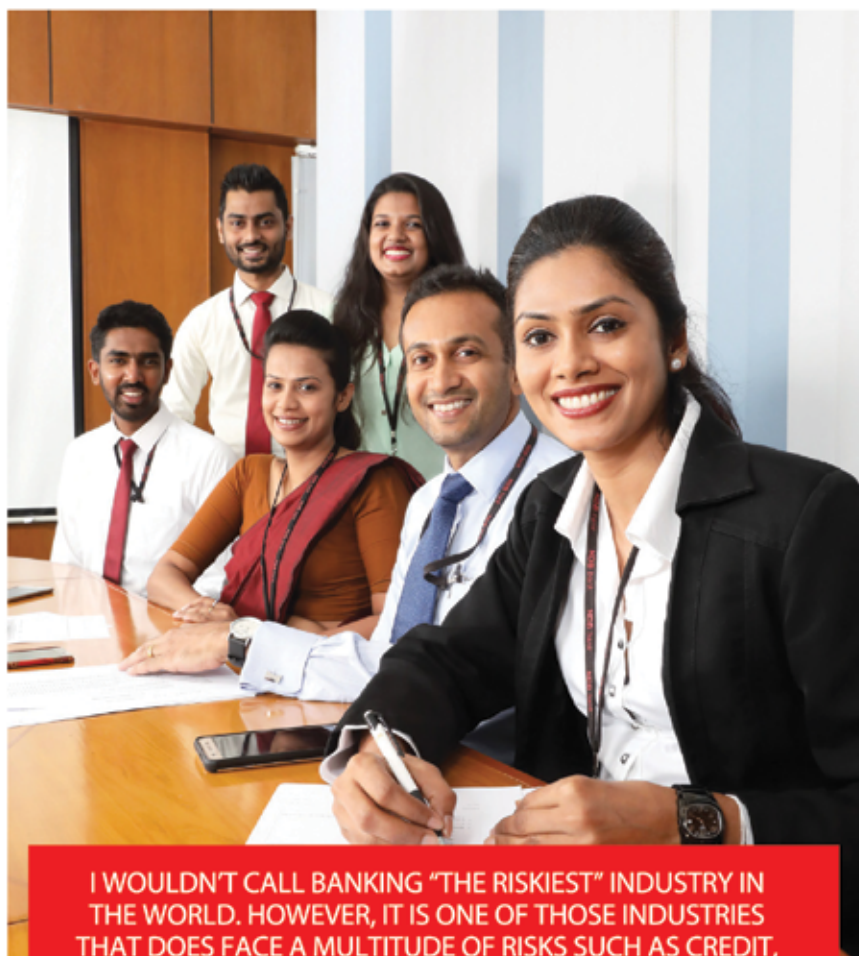
economy?

NDB is a licensed commercial bank which has been in operations for 40 years, with its inception going back to 1979 as a development financing institution. The Bank is also engaged in a wide spectrum of capital market activities through its subsidiary companies, making NDB the largest financial services conglomerate in the country.

NDB contributes towards the

development of the country's economy and its constituents such as individuals, corporates, government institutions, etc., via its efficient banking solutions. The Bank has on offer, one of the most comprehensive product portfolios, covering personal banking [for both masses and high net worth customers], commercial banking, project financing, cash management, SME and micro financing, Islamic banking, Bancassurance, a dedicated proposition for women customers, etc.

Each of these banking services are offered through customer friendly



I WOULDN'T CALL BANKING "THE RISKIEST" INDUSTRY IN THE WORLD. HOWEVER, IT IS ONE OF THOSE INDUSTRIES THAT DOES FACE A MULTITUDE OF RISKS SUCH AS CREDIT, MARKET, LIQUIDITY, OPERATIONAL AND STRATEGIC RISK AND MORE CONTEMPORARY RISKS SUCH AS CYBER RISK. AS THE BANKS ARE THE GUARDIANS OF HARD EARNED FUNDS OF THE DEPOSITORS, THEY SHOULD ENSURE ADEQUATE LIQUIDITY TO MEET THE DEPOSITORS' FUND REQUIREMENTS. AT THE SAME TIME THE FUNDS HAVE TO BE DEPLOYED IN INCOME GENERATING SOURCES SUCH AS LENDING, WHICH IN TURN CREATES CREDIT RISK.

and innovative products, some of which are industry leaders, such as NDB Dream Maker personal loans, NDB Good Life Credit Cards, Privilege Banking for high net worth customers, NDB SME financing and NDB project financing. What is noteworthy is that some of the top-notch corporates of the country today were budding young SMEs many years back, which were being nurtured under the financial assistance of NDB.

In addition to financial assistance, the Bank also provides non-financial

advisory services to its clientele, which fortifies our contribution to the economy. SMEs, micro businesses and women led businesses are frequent beneficiaries of this assistance, and often see the collaboration of third party resource contributors for enhanced effectiveness.

The capital market services we render through the group companies in full service investment banking and advisory [NDB Capital Holdings Limited], investment banking including M&A and equity and debt

raising [NDB Investment Bank Limited], wealth management [NDB Wealth Management Limited], securities trading and advisory [NDB Securities Pvt Limited] and private equity management [NDB Zephyr Partners Limited] also make exceptional contribution towards economic development through the respective capital market activities these companies are engaged in.

The banking sector is the riskiest industry in the world, what are the risk management strategies your bank uses to overcome this?

I wouldn't call banking "the riskiest" industry in the world. However, it is one of those industries that does face a multitude of risks such as credit, market, liquidity, operational and strategic risk and more contemporary risks such as cyber risk. As the banks are the guardians of hard earned funds of the depositors, they should ensure adequate liquidity to meet the depositors' fund requirements. At the same time the funds have to be deployed in income generating sources such as lending, which in turn creates credit risk.

When funding is a combination of multi-currencies, which is often the case for banks, and when banks have to engage in international trade transactions, this gives rise to exchange risk of correspondent banks. These are only few examples of major risks that banks face.

NDB's value creation is underpinned by a robust and consistent risk management framework which ensures that our strategy is carefully aligned to our risk appetite in delivering shareholder returns. The Integrated Risk Management Framework is applied across the Group, with effective governance and corresponding risk management tools. Employees are collectively responsible for the management of

risk and the Bank has nurtured a strong risk culture through ongoing training initiatives and clear risk communication.

The Bank's Board of Directors holds apex responsibility for risk management and sets the tone at the top for the effective management of risks. In discharging its risk-related responsibilities, it is supported by three key committees, namely the Integrated Risk Management Committee, Board Audit Committee, Board Credit Committee and several executive level committees. The risk structure is based on the three lines of defense and aims to drive accountability and ownership while facilitating an appropriate level of independence and segregation of duties.

The Bank has also clearly defined its risk appetite which articulates its desired forward-looking risk profile translating into operational measures such as limits or qualitative checkpoints for capital, earnings volatility and concentration risk among others.

NDB operates a systematic and comprehensive stress testing program which has been formulated in line with regulatory guidelines and global best practices. Stress tests are conducted at various frequencies in line with the Board approved framework and results are reported to Board, as a part if the Bank's risk management strategies.

Especially with regard to non-performing loans, how do you handle such a situation?

Non-performing loans [NPLs] is an inevitable for banks as business lending is one of its key functions. No bank would be able to incur zero NPL and every bank shoulders a varying amount of NPL, as loan quality is affected by a wide range of factors, including macro-economic attributes, management deficiencies,



etc., which are well beyond the grasp or control of the banks/ lenders and borrowers.

However, it is critical that banks take all efforts to maintain a quality loan portfolio and minimize losses arising from NPLs as deteriorated loan quality would have a dire impact on the bank's profitability and capital adequacy levels. Proactive loan management from pre NPL status via sound relationships with customers is key in managing portfolio quality.

At NDB, we have been able to able to manage loan book quality due to its

strong risk management initiatives including comprehensive credit evaluation standards, post disbursement follow-ups, underwriting standards and recoveries mechanism.

Our credit evaluation teams are well trained to ensure comprehensive credit appraisals, such that we on-board risks that are commensurate to our risk appetite. Post disbursement, we maintain sound and close relationships with our customers and watch out for early warning signals. We are proactive in our approach such that

we advise and support our customers to come out of tricky situations before they are distressed. By this approach not only do we ensure the health of our own portfolio but assist our customers to continue their businesses sustainably.

Our time tested and perfected credit risk management strategies have stood us in good stead, even in critical moments such as the economic impact that arose from the unfortunate Easter Sunday attacks earlier this year.

The ideology of segmentation/differentiation of clientele in the banking system – how does this aspect act as a service to the nation?

The service of banking cannot be generalized to one set of plain vanilla products. Given the dynamism of the customers that we serve which differ in many demographic, economic, preferential and even religious attributes, banks must segment their business and offer smartly differentiated products to match such segments.

Such segmentation and differentiation ensure that banks channel the right kind of support which would propel development and financial prosperity of the beneficiaries. Deeper segmentation within each customer category leads to better calibrated products, which meet the precise needs of the customers and which in turn will be more effective.

For example, at NDB, we serve the micro and SME business segment through our dedicated channel NDB Business Banking. Within Business Banking, we have customized branded product portfolios which cater to the micro, Small and the Medium segment separately, as the banking needs of these sub-segments largely differ.

We exercise such deeper segmentation for individual clients as well, and that is how we have exclusive offerings for ultra-high net worth, high net worth and mass individuals. Products dedicated to female sub segments of home makers, salaried employees and entrepreneurs, those customized on age such as children's savings accounts and senior citizen products and Islamic banking are further examples.

We have also combined the strength of the NDB Group, whereby we have a product dubbed as NDB One Account which carries the product features of a current account and a capital market account [investment in unit trusts]. This product enables more investment savvy customers to manage banking and capital market investments via one product.

What is the best way to 'save big' with a banking institution?

Banks today offer customers a multitude of tools and products for big and smart saving. It is encouraging to see savings products with customized features which meet varying income, expenditure and savings patterns of people. For example, at NDB we have a number of personal savings accounts branded as Easy Saver, Real Saver, Big Saver plus, Big saver, etc. We also have investment accounts such as Savings Planner and Savings Certificates which offer innovative features in savings with high returns.

I think a product like NDB Savings Planner which facilitates goal based savings with high interest rates suits young undergraduates, who would have many financial targets to be met, particularly around higher studies.

At NDB, we have taken the concept of savings beyond the traditional

realm of financial savings. "NDB Ithuru Karana Maga" or "Path to Save" is NDB's iconic savings philosophy which is dedicated to inculcating the habit of savings across all Sri Lankans. The notion of savings here encompasses aspects such as electricity, water, health, nature, etc. and the philosophy is promoted across the country, not restricted only to our customers. We have popularized this concepts and often share valid tips via social media platforms, from which many of you can draw inspiration towards effective saving as a life's habit.

NDB offers added benefits to customers as they can choose from capital market investment products as well, given its financial services conglomerate structure. Our wealth management arm, NDB Wealth Management Limited has on offer, a range of products which offer attractive rates and wealth management options for both individuals and corporates.

The convenience offered by digital banking can also be used to save big and save smart. Mobile apps and online banking facilitate real time transfers, ability to set-up standing orders, etc. thereby make habitual savings a way of life and hassle free. We are glad to note that NDB's customers can enjoy an integrated view of the products they maintain with the Bank as well as the capital market companies in the Mobile Banking App and the e-statements, which enables productive portfolio management.

We live in a world with an incessant need for innovation. What are the challenges banking institutions face due to this?

Innovation is more of an enabler than a challenge for us. It is one factor that fortifies our position amongst competition and support us in more



efficient processes internally. A lot of our digital banking solutions are a result of the innovative thinking behind our teams. Our mobile banking app, branchless banking proposing dubbed as "Bank2U" and our state-of-the-art phygital branch in Fort – NDB NEOS are some examples of innovative solutions offered at the customer frontier. We have deployed Robotic Process Automation [RPA technology] making us the first bank to have a digital work force working alongside the human workforce. Through the deployment of RPA we have automated a number of previously labour intensive tasks and redeployed staff in more interesting tasks. Through RPA, end users of processes are encouraged to come up with their own solutions which can then be automated, and accordingly, it is encouraging to see even non IT staff members being engaged in tech driven solutions.

At NDB innovation is embraced as an essential. The Bank hosts an internal platform called "Innovation Hub" which enables and encourages staff members to share new ideas in any aspect which would lead to a problem solution, process

enhancement, new product/ feature, etc. There is a panel dedicated to evaluate the value of each suggestion, take forward the feasible ones up to implementation and recognize the proposers for their ideas which emerge successful.

Some challenges in innovation could be the costs involved in implementing certain ideas. If however the benefits outweigh the costs, such innovation should be acceptable. Banking regulations may also not allow scope for implementation of certain new ideas, which are there for all right reasons. We see progressive moves toward innovation led digitized solutions in the industry with the concurrence of the regulator. The culture and mindset of the teams could be another major challenge, where employees are change averse and do not welcome the disruptions to the status quo that comes along with innovation. It is essential that the tone is set right from the top management and a strong culture where innovation is accepted is instilled in organizations.

A constant issue faced by

most customers is the abundance of red tape and lengthy processes at the bank – do we not have a solution to this yet? Does the usage of technology somewhat resolve this, and how?

Banking processes have been largely simplified and streamlined in the recent past with the aid of technology. Smart banking solutions such as opening bank accounts within a minimum time period and little documentation, processing transactions with the convenience at your fingertips through your mobile from any part of the world, payments enabled via QR codes are some example. As such, abundance of red tape and lengthy processes is somewhat an overstatement in the current context.

One also needs to understand that banking is a heavily regulated business, intended for the safety of the stakeholders of the overall financial system. As such one has to welcome and accept certain inevitably procedures that it may entail.

Via a finance expert's perspective – what are some tips and tricks you would like to afford our readers in terms of managing finances.

Good planning is key. You should have a clear plan which identifies how you would segregate your income between expenses and savings/ investments. This would ensure a plan that you are committed to. It requires self-discipline to maintain such a stance. Also make sure you maintain a financial calendar which would remind you when to settle your dues, may they be your credit cards, utility bills or any other payment. This would ensure that you do not have to incur late payment charges or penal interest.

Plan well ahead for foreseeable large expenses that you may have to incur. Adopt a goal based savings plan for such specific expenses such as Savings Planner. Utilize various products that banks have on offer towards this kind of saving, which will maximize savings.

Choose your investment options wisely. Explore the possibilities in both banking products as well as capital market investments. Understand the risks and returns they offer and how well the product features suit your individual requirements.

The most important point is to make sure that your expenses, tastes and preferences are commensurate to your income, which would ensure that you lead a sustainable life.

There is a current trend of hiring personal financial advisors – is this advisable for everyone?

Probably not for everyone. It depends of one's amount of wealth, level of financial management knowledge and even the level of financial discipline. A salaried person with a straight forward income, a fair

knowledge and common understanding of money management should be able to manage his or her finances without hired advisory. As I mentioned earlier one can gain much guidance from banks as well.

Conversely, if your wealth portfolio is large and dynamic, the service of a competent financial advisor can add much value towards enhancing its returns.

Where is the Sri Lankan Banking Industry heading? Are we on par with the world?

I think the Sri Lankan banking sector is on the right track. We have the blessings of a regulator which efficiently directs the industry through the ups and downs. Having worked in many other jurisdictions, I can confidently state that we have a strong regulator guiding the banking sector. It's encouraging to see the industry stepping up to meet the new capital adequacy levels mandated by the Basel III guidelines affirming the strength of the industry. The introduction of SLFRS 9: Financial Instruments, which had a significant impact on the banking industry was well embraced by all banks within the stipulated deadlines.

Furthermore, banks are introducing and facilitating broad technological enhancements and upgrades via innovative digital solutions which is taking the banking, payments and settlements platforms of the country to new tangents, often at par with its regional peers.

One should also note that banks make a significant contribution towards fiscal revenue through taxes paid, particularly at times of national need, for example the newly introduced debt repayment levy. Banks continue to generate sound returns to their shareholders amidst such circumstances.

The Sri Lankan banking sector stood resilient at the face of unexpected political changes and security threats that the country faced recently, which had deeply damaging impacts on the economy. The banking industry bore the brunt of these impacts with banking sector loan quality deteriorating, NPLs risings and bank profitability adversely affected. However, the industry weathered the challenges well, under the guidance of the regulator and is also supporting the affected customers to come out of the difficult situations.

We hear of scholarship schemes/loan schemes provided by international banks, which allow students to pay back once they start working – do we have such opportunities here as well, thoughts?

Yes, at NDB we do offer a similar concession to students. We facilitate servicing of only the interest of the loan up to a grace period and once the loan is fully disbursed and ready for repayment, the student could pay along with the parent or with his/ her own income. The loan repayment could go up to a tenor of 8 years with flexible repayment options.

Furthermore, NDB's Good Life credit card also has a customized offering to support undergraduates/ those who pursue higher education. The student would be issued a card exclusively for the purpose of making the full payment pertaining to the course directly to the education institute. The amount could be paid back within a maximum tenor of 60 months at a nominal fee of 0.9% per month. Cards issued for this purpose is usually given a higher credit card

“ BANKERS ARE A DIFFERENT BREED COMPARED TO OTHER PROFESSIONALS. THEY SHOULD DEMONSTRATE A GENUINE DEDICATION TOWARDS EXCELLENT CUSTOMER SERVICE AS BANKING IS A HUMAN RELATIONSHIP INTENSIVE BUSINESS AND SERVICE IS THE KEY DIFFERENTIATOR IN THE BANKING INDUSTRY. AS CUSTODIANS OF PUBLIC FUNDS, THEY SHOULD ALSO FUNCTION WITH THE HIGHEST LEVELS OF INTEGRITY AND HONESTY, NOT TO BE COMPROMISED AT THE FACE OF ANY CHALLENGE. ”

limit compared to a standard credit card and the card could be applied for, either by the student or a parent. We also have the option of issuing specifically designed co-branded cards in collaboration with the education institute.

Apart from that, the NDB Capital Group conducts a scholarship program for selected students representing four faculties of three universities. The scholarship program is inclusive of monetary support till the completion of the degree, soft skills and personality development support and assistance in finding job placements upon the completion of the course.

What is your role/contributions as CEO in the bank?

I provide apex executive leadership and expertise to the Bank as well as the group companies in the capacity of the Group CEO in the implementation and achievement of strategic aspirations. The Bank has a versatile and a competent Board of Directors and as the Group CEO, I am held accountable to the Board for the performance of the Bank.

The Group CEO's role is

instrumental in developing and recommending the strategic direction

of the Bank for consideration and approval of the Board by way of appropriate short, medium and long term corporate plans. I effectively lead NDB towards the achievement of its strategic objectives and implement the strategy decisions taken by the Board, whilst providing assurance to the Board related to identification, assessment, management and monitoring of risk and adequacy of internal controls.

Ensuring succession planning of the executive team, the development of NDB's human capital through empowerment and training and leading the teams of the bank and the Group companies which is well over 3,000 through the Group's unique culture identity One NDB are other key contributions.

What skills/competencies do banks look for in an undergraduate?

Bankers are a different breed compared to other professionals. They should demonstrate a genuine dedication towards excellent

customer service as banking is a human relationship intensive business and service is the key differentiator in the banking industry. As custodians of public funds, they should also function with the highest levels of integrity and honesty, not to be compromised at the face of any challenge.

Tech savviness, a knack for innovative solutions and the ability to think beyond the box for process simplifications and efficiency enhancements will also be welcome. Continuous knowledge upgrades on industry developments which affect and shape the business will also be essential to stay a competent banker.

Among the many other attributes, being excellent in independent as well as team work, ability to function under demanding and pressurizing conditions, leadership skills, communication skills, etc., are also mandatory skill sets.

Above all, a true passion for the profession of banking coupled with the above is what will inevitably make a good banker.

By Kasun Dissanayake

BANKING

THE EPITOME OF RISK MANAGEMENT

MR. RASITHA GUNAWARDENA
CHIEF EXECUTIVE OFFICER



Being a pioneering State Bank how would you define your contribution, to this country's economy?

It's two-fold and will first talk about the Historical Contribution. We started off fifty-eight years back to be precise in 1961. The major objective of this bank is to give a boost to the

then rural economy. When they started the bank in 1961 the rural masses of this country were even scared to get into a bank. During that time, it was just Bank of Ceylon and few other private banks that joined later. So, I think what we have done is we have given that opportunity for banking to the rural masses. And to that extent right, we have empowered these rural masses by

teaching them on how to bank, how to save and how to get a loan facility. I think our contribution to the rural economy of this country is tremendous during the first 20 to 30 years. We had a free run for a long time, where the competition was minimal, and we had a very easy game. Then in 1980s when the economy got opened, and then some of the private banks started and the entire ball game changed and the competition came in.

We started off with three branches and maybe within about 10 years we expanded to more than hundred branches. It was a phenomenal rate of growth. At the peak, in 1980s or 90s we held a 40 percent of the banking assets of the country but now of course it has shrunk to 17 percent. That was then we had only three or four banks competing. Now



there are about 26 banks competing for the same portion.

So, our biggest contribution has been introducing banking to the rural community of this country. As you know the banking is all about you collecting small savings, units of the economy and then give it as loans to larger investors. This is known as intermediation. So, when this intermediation part was not very efficient during that time, our involvement as a state bank gave that much of the impetus to the economy by making that intermediation process much more efficient. We were very efficient in mobilizing deposits from the rural sector and giving out loans. We have done a lot in getting the country's economy to this status. Giving that much of encouragement or avenue for saving and investing that money

“ WE STARTED OFF WITH THREE BRANCHES AND MAYBE WITHIN ABOUT 10 YEARS WE EXPANDED TO MORE THAN HUNDRED BRANCHES. IT WAS A PHENOMENAL RATE OF GROWTH. AT THE PEAK, IN 1980S OR 90S WE HELD A 40 PERCENT OF THE BANKING ASSETS OF THE COUNTRY BUT NOW OF COURSE IT HAS SHRUNK TO 17 PERCENT. THAT WAS THEN WE HAD ONLY THREE OR FOUR BANKS COMPETING. NOW THERE ARE ABOUT 26 BANKS COMPETING FOR THE SAME PORTION. ”

for the betterment of the economy by way of loans.

What differentiates a Private bank from a state bank? What are the characteristics that define the change?

Banking is a heavily regulated industry. The product we have which is the banking service is very difficult to differentiate. It's a commodity we are offering. Because we are giving savings accounts, current accounts, and the basic features of those are very similar. Whatever the bank you take they offer the same savings account. You would put your money for saving then you get interest and you can do any amount of withdrawals. So, the opportunity to



differentiate between two banks is very difficult and minimal.

So, when it comes to banking industry no bank can offer different set of products. That is why so much of advertisements that make so much of noise because that's the only way they can differentiate, by ways of marketing only. The banks which have bigger advertising budgets, they shout out louder trying to get the attention.

The products and product features are all the same. But what differentiate a bank from another is the level of service it offers. How we approach our customers, how we give those service, whether my counter Clark and my manager can look at the customer's face when serving them and response. Because it's a very difficult thing to do with many customers on a daily basis and the level of responsibility they handle, it's humanly impossible. Sometimes the staff forgets that they need to satisfy the customers because that's what earns them the income. The difference we make is the approach and our priorities.

Private banks are more profit oriented.

PRIVATE BANKS ARE MORE PROFIT ORIENTED. UP TO NOW BECAUSE OF THAT THEY HAVE REALIZED THAT SERVICE LEVEL IS PARAMOUNT. HOW DO YOU GIVE A COMMODITY PACKAGED IN A PERSONALIZED WAY? THEY HAVE DONE IT MORE SUCCESSFULLY THAN GOVERNMENT BANKS. RECENTLY WE WENT THROUGH THIS PROCESS CALLED DIGITALIZATION.

Up to now because of that they have realized that service level is paramount. How do you give a commodity packaged in a personalized way? They have done it more successfully than government banks. Recently we went through this process called digitalization. Basically,

adding a new channel for customers to get in touch with the bank for their banking services. Normally a traditional bank will have channels like a branch and ATM. This digitalization has allowed my customer to contact me through internet. Even he can now open his current accounts or maybe apply for a basic product through the online channel. So that's how we differentiate the level of services from other banks.

Banking is the riskiest industry ever. It defines the economy; it can say where the economy is heading to. Gives the direction for the country's development. How are you managing the risk?

Banking is essentially risk management. Top notch risk managers are the best bankers. If a bank can manage its risk properly that bank can prosper. Starting from a transaction, even accepting a deposit entails so much of risk. Because you



have to accept the deposit and debit into a verified name. The authenticity of that person, how he gets the remittances, keeping the cash in a bank, pawn jewelry everything is a risk, giving a loan where the bank is obliged to give the cash at the demand of the customer and maintaining liquidity everything is in a flux on the deposit side likewise every activity in a bank is a risk.

On the other hand, every banks fortune is connected to the fortunes of the economy. If the country's economy is doing well the banks will do well too. If the economy is doing well, the income earning units of the economy who are earning individuals and companies they are maintaining good cash flows and profits. As banks then we will also get our loans recovered pretty fast. If the economy goes down by a single notch it will create a knock-on effect on the banks. Even the sudden unexpected incidents like the April 21st Easter attacks, they create a huge ripple effect on the banks making the foreign direct investments (FDIs) minimal. So, it's never easy for the banks.

Yet despite all these challengers Peoples' Bank has been able to maintain our profitability partially due to the design and partially by the fact that banks are linked to the international banking community. We need to maintain certain minimum standards and because of that banks somehow survive. Otherwise the bank will be banished from the international banking community. Our capital, the way we conduct our services, our ratings, our profit ratios, our non-performing loan ratios and all are monitored regularly by the international community of banks.

With all the competition from other state banks and private banks how would you incorporate innovation into your bank?

We have incorporated a lot of innovations within the service offerings. Savings accounts for infants, school children were our innovations back then because that first entry

advantage is still with us. Top of the mind recall for banking in the general public is anyway Peoples' Bank but there is a perception issue that we are catering more to the older generation and we are not offering anything innovative. The new branding and the services offered through the new mini branches and ATMs are exceptional in catering to the new requirements of the market. We have been very effective in rolling out these new products, digital channels, and we have come up with various products even for corporates. We now have a new digital channel for corporates to do their pay rolls and all other banking needs.

We hear of scholarship schemes/loan schemes provided by international banks, which allow students to pay back once they start working – do we have such opportunities here as well, thoughts?

Yes, of course. Peoples bank has introduced Wisdom Higher Education Loan. We understand that ensuring quality higher education is one of the



most important things we can do for our future generation. The Wisdom loan scheme is designed to support the youth of our nation as they strive towards fulfilling their dreams. The loan offers up to Rs.10 Million, to complete higher studies, vocational education, or to obtain a professional qualification in a local/ foreign university or institute. They get a repayment period of up-to 7 years so they have a chance to settle the loan as they start earning.

Where is the Sri Lankan Banking Industry heading?

The digital age is changing how people interact and do business on a day-to-day basis, and technological advancements are continuing to influence the future of banking around the world. An increasing demand for a digital banking experience from millennial is transforming how the entire banking industry operates. From retail and mobile banking, to neo-bank start-ups, technology has its hand in seemingly every aspect of the banking industry; and, the influence of technology will continue to launch banking into a digitized future.

The entire global economy is connected, and the main conduit connecting the economy is the banking network. There is almost no such thing as a local bank anymore. A weakness in any given economy can create a cascading contagion. It is imperative that the entire global

banking network remains strong. Banks must ensure that corporate governance and ethics meet the required standards and the decision-making process is transparent and accountable. A bank should be able to withstand stress tests and the scrutiny from rating agencies. This is the test of the global industry's stability.

Are we on par with the world standards?

Of course. These are aspects that have become integral to our success. Having undergone stringent audits and compliance processes, we have emerged with flying colours. The Central Bank of Sri Lanka is extremely pleased with our performance and our team must be commended for always looking ahead to ensure we reach our goals.

As a General Manager of a leading bank what are the challenges that you would expect with these future changes?

Any bank of the future would need to increasingly consider automation and consolidation of operations to reduce operating costs to improve profitability in a business world which is moving towards digital transformation and digital disruption to be a way of life. In this context, the challenge for bank CEOs in the next decade would increasingly be talent

management to fit the changing face of banking. This would include realigning the existing skill sets of the talent pool by up skilling them in the shortest time possible while focusing on recruiting the right talent for long term succession. Culture of the organisation would need to be managed to fit the changes in the skills required and this would be a challenge to the people standing at the helm of the ship.

What skills/competencies do banks look for in an undergraduate?

To get a graduate job in financial services the students need to convince recruiters that they have the skills to do the job well. In the finance sector employees will be working with both finance professionals and people with limited financial knowledge. So, the employee will need to convey complex information in a professional and jargon-free manner, so learning to tailor the communication style is vital. Furthermore, inquisitive questioning and logical analysis in a discussion situation is not always easy but is one of the key skills we're looking for. Moreover, team working, customer service, organizations and time management, and leadership and team management are also will be expected from any person who is willing to join with this sector.

By Lakruwani Wimalaratne & Chalani Oruthotaarachchi

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10 LARGEST BANKS IN THE WORLD

01

INDUSTRIAL AND COMMERCIAL BANK OF CHINA



ICBC



Established in 1984, the Industrial and Commercial Bank of China has quickly grown to become the largest bank in the world based on assets. Its current asset tally is a whopping 3.47 trillion. ICBC focuses most of their efforts in industry (the name kind of gives it away). They offer the majority of their loans in manufacturing, transportation, power and retail. This bank shows no signs of slowing down either. It reported a 3.3% rise in profit for the 3rd quarter of 2017.

HEADQUARTERED IN BEIJING, CHINA
EMPLOYS 460,000

CHINA CONSTRUCTION BANK CORPORATION

02



中国建设银行
China Construction Bank



The second largest bank in China also happens to be the second largest in the world. The China Construction Bank Corporation currently holds \$3.02 trillion in assets. One of the older banks in China, CCB was founded in 1954. In 2005, Bank of America wanted to expand its business into China. So it purchased a 9% stake in CCB. That didn't work out so well however.

HEADQUARTERED IN BEIJING, CHINA
EMPLOYS 330,000



中国建设银行
China Construction Bank

03

AGRICULTURAL BANK OF CHINA



中国农业银行
AGRICULTURAL BANK OF CHINA



If you're sensing a trend here, you're not alone. Yet another Chinese bank, the Agricultural Bank of China ranks third largest in the world with \$2.82 trillion in assets. Known as Ag Bank and founded in 1951, the Agricultural Bank of China has branch locations in Seoul, Singapore, Sydney, London, New York and many other of the world's largest cities.

**HEADQUARTERED IN BEIJING, CHINA
EMPLOYS 444,000**



MITSUBISHI UFJ FINANCIAL GROUP



04

 **MUFG**



With \$2.63 trillion in assets, Mitsubishi is Japan's largest bank holding/financial services group. Part of the Mitsubishi Corporation, the company provides a wide variety of financial and investment services including commercial banking, trust banking, international finance, and assets management services. With all of the accolades MUFG has garnered, it's surprising to learn they were only founded in 2005.

**HEADQUARTERED IN TOKYO, JAPAN
EMPLOYS 106,000**

05

BANK OF CHINA



中國銀行
BANK OF CHINA



Yet another Asian bank rounds out the top five. Bank of China controls \$2.61 trillion in assets and was founded in 1912. While this bank is no longer 100% government owned, the largest shareholder of the Bank of China is still the investment arm of the People's Republic of China. The Bank of China is the second largest lender in the country. It currently has two locations in the state of New York.

**HEADQUARTERED IN BEIJING CHINA
EMPLOYS 310,000**



J.P. MORGAN CHASE

06



JPMorganChase 



One of the two so-called "too big to fail" banks, along with Bank of America, J.P. Morgan Chase is the sixth largest bank in the world with \$2.50 trillion in assets. The company provides products and services to its clients in 100 countries. It offers asset management, investment banking, private banking, treasury and securities services, and commercial banking. J.P.

**HEADQUARTERED IN NEW YORK CITY
EMPLOYS 245,000**

07

HSBC HOLDINGS PLC

HSBC 



HSBC Bank has more than 460 bank branches throughout the United States, with the majority (380) in New York State. This one comes in at number seven on our list of the biggest banks with \$2.37 trillion in assets. HSBC offers its 4 million customers access to global markets through its personal financial services, private banking, retail banking, commercial banking, and global banking and market segments.

**HEADQUARTERED IN LONDON, UK
EMPLOYS 235,000**



08

BNP PARIBAS



BNP PARIBAS



This French bank comes in at number eight with \$2.19 trillion in assets. BNP is one of the largest global banking networks in the world with operations in 75 countries. BNP has four domestic retail banking markets located in France, Italy, Belgium and Luxembourg. In April 2009, as a result of BNP's 75% purchase of Fortis Bank, the Belgian bank is now the largest Eurozone deposit holder.

**HEADQUARTERED IN PARIS, FRANCE
EMPLOYS 190,000**

09

BANK OF AMERICA (BAC)

Bank of America



BAC is the largest bank holding company in the United States, by assets, with \$2.19 trillion. The company serves clients all over the world and has a relationship with 99% of the U.S. Fortune 500 companies. In 2008, BAC acquired Merrill Lynch, making it the world's largest wealth manager. It is listed on the New York Stock Exchange (NYSE) and is part of the S&P 500 Index and the Dow Jones Industrial Average.

**HEADQUARTERED IN CHARLOTTE,
NORTH CAROLINA
EMPLOYS 208,000**



WELLS FARGO



10

**WELLS
FARGO**



Sneaking into the top 10, Wells Fargo has labored through the last few years with a few scandals they'd like to forget. Still, the bank currently holds \$1.93 trillion in assets and is one of the United States' largest retail banks. Founded all the way back in 1852, Wells Fargo has close to 9,000 retail locations scattered across the United States. They became my bank of record when in 2009, when they purchased Wachovia. All of a sudden, my login was changed, and I remember seeing a lot of wagons!

**HEADQUARTERED IN CHARLOTTE,
NORTH CAROLINA
EMPLOYS 270,000**

International banks continue to grow their assets as the world economy expands. If no major economy falters, the expansion may continue. While there is some debate about whether China's economy is bigger than that of the United States, there is no questioning which nation is home to the largest banks. The power in banking is unquestionably shifting eastward to China. Out of the top 10 largest banks by assets, only two are American banks. They rank number six and nine. The leading banks by far are Chinese banks. China holds the top four slots in the top 10.



RISK OWNERSHIP

THE FIRST LINE OF DEFENSE

MR. ARUNA FERNANDO
ACTING CHIEF RISK OFFICER
RISK MANAGEMENT UNIT – SEYLAN BANK

“ WE AT NSBM, HAD THE PLEASURE TO MEET AN ILLUSTRIOUS INDIVIDUAL IN THE CRUX OF THE ‘RISKY BUSINESS’ IN THE BANKING INDUSTRY: MR. ANURA FERNANDO. HE OBTAINED HIS EDUCATION AT THE MAHANAMA COLLEGE COLPETTY AND JOINED COMMERCIAL BANK IN 1998 JUST AFTER HIS A/LS. HE WAS AT COMMERCIAL BANK FOR ALMOST 25 YEARS WORKING IN VARIOUS CAPACITIES. HE IS AN IBSL – ASSOCIATE AND HOLDS AN MBA IN MANAGEMENT/FINANCE FROM POST GRADUATE INSTITUTE OF MANAGEMENT - UNIVERSITY OF SRI JAYAWARDENAPURA. IN 2013, HE JOINED SEYLAN BANK AS THE ASSISTANT GENERAL MANAGER – CREDIT RISK AND WAS APPOINTED AS THE ACTING CHIEF RISK OFFICER IN 2018. ”

What would you consider a good bank?

In my opinion, a good bank needs to provide excellent customer service over obtaining profits at any cost. I think the banks will survive as long as the customers are there. So the main focus of a good bank should be to give the best services to their customers.

Then, a good bank should spend time and resources to provide the customers with financial advice and services tailored to their needs. The people who are coming to the banks may not have the correct financial knowledge, for example when somebody comes to deposit funds; then the bank should be in a position to give the best financial advice to that person as to what sort of deposit that he should make, if somebody is coming to borrow funds, what sort of facility that this person should be taking etc. Thus, a

good bank should not hard sell financial products, a customer would not require.

Banks are the biggest borrowers in the market. The main function of a bank is to take funds from the individuals who have excess cash and get the liquidity into the system and then lend it out to the people who need funds. For example, when if somebody wants to put up a factory and is in need of LKR100 Mio, he can't be going around the country and meeting 100 people asking for LKR1.0 Mio each. The bank will do that for you. A bank will collect the funds from many people, create a large funding base and will thereafter give those funds to the best persons to start projects. In granting the facilities to clients, a good bank should be very open and disclose all charges to customers without having any hidden costs.

The banks are there because of the depositors and the shareholders. A good bank therefore should work to maintain the trust of the customers by keeping their funds safe from fraud and theft. Usually in a bank the funding done by the depositors is much greater than the equity contribution by the shareholders. The banks therefore need to maintain a very strong balance sheet- engage in good lending practices, make good profits and keep liquidity levels at good levels to pay back the depositors. A good bank should achieve good financial performance deriving benefits to all stakeholders especially shareholders and depositors.

A good bank should maintain a healthy balance between the digital banking services and the ones which should be personal. When it comes to digital banking services, there should be a glitch free and user friendly online banking facilities. Finally, a good bank should have a strong branch network covering all the areas of the country in order to cater to the financial needs of the society at large.

How does your bank contribute towards the economy ?

In the case of Seylan bank, we are having almost 2 million customers by way of borrowers and depositors all over the island. We hold about 5% of the total assets/total deposits of the banking industry in the country. According to CBSL guidelines, if the asset base of a bank is above 500 billion, it is being recognized as a "Domestic Systemically Important Bank [D-SIB]". We have about LKR 500 billion in assets and is in the verge of becoming a D-SIB. Our bank has generated average profits [OPBT] of around LKR 7.7 Bio and has paid an average amount of LKR 3.9 Bio to the government as taxes during the last two financial years. Such money goes back to the society when the government is funding social service activities from state expenditure.



Currently our bank is the 5th largest private bank in the country and we have a strong set of delivery channels consisting of 172 branches & 200 ATMs. All of our ATMs are linked to the LankaPay Common ATM Switch [CAS] which enable the clients from other banks also to withdraw funds from these ATMs. So our customer outreach is comparatively high.

The banking sector is one of the riskiest industries in the world, what are the risk management strategies your bank uses to overcome this?

In our organizational structure the "Risk Ownership" is with the business units. We consider this to be the first line of defense. We have developed risk management policies and procedures which are being applied across all the business units in the

Bank in daily operations. Then the "Risk Control" and "Risk Assurance" are vested with the "Risk Management Unit" and the "Internal Audit Department" of the Bank. The Bank has set tolerance limits on the "credit risk, market risk, liquidity risk, operational risk & information security risk" and these controlling measures are constantly being monitored and evaluated by three management committees namely; Assets and Liabilities Committee – ALCO, Executive Credit Risk Management Committee- ECRMC and the Executive Operational & Market Risk Management Committee – EMORMC. The Board Integrated Risk Management Committee - BIRMC oversees the "Risk Assurance" activities of the bank.

Especially with regard to non-performing loans, how do you handle such a situation?



When it comes to granting of the facilities; the Lending Officers need to follow a structured approach. Also, there is a fully functional Delegated Authority Level structure clearly defining the credit approval limits of each and every Lending Officer.

When it comes to the credit evaluations, we have a structured credit appraisal form where everybody will have to go through the same process. The bank will decide to go ahead with a lending proposition only after a thorough evaluation and after being satisfied of the client's capability to repay the borrowings on time as per the agreed repayment schedule.

To strengthen the credit evaluations, the Risk Management Unit, independently goes through the lending proposals above a pre-determined threshold. Further our Unit is engaged in a Loan Review Mechanism where after granting the facilities by the branches we check whether the evaluations had been

properly done after considering all the material facts, whether the security documentation is correct and the covenants are properly adhered etc.

To further empower the Lending Officers, our Unit has issued the Lending Guidelines and the Credit Standard & Policy Manual which are being updated on a regular basis. We have a vibrant post disbursement monitoring process and whenever there are signs of stress emerging in a client's portfolio, the Bank takes relevant corrective actions in consultation with the borrowers.

Things that an undergraduate should possess to becoming successful in working life?

What I believe is that whatever industry that a person is going to

join, the undergraduate needs to get professional qualifications in that particular industry. Now in the case of banking, we get the exams conducted by the Institute of Bankers of Sri Lanka (IBSL) when upon completion, a diploma is awarded which is equivalent to a university degree in Sri Lanka. So if somebody is serious about being a banker, you need to do IBSL exams. Nowadays even non bankers can do the IBSL exams. Generally, it will take at best 3- 4 years to acquire this professional qualification because in most of the cases people will be doing the exams while they are working.

In my opinion, to be successful in corporate life you need possess lot of other soft skills apart from your core competencies. For example, you need to have good leadership qualities. Then it is important to be equipped with communication skills. For example, somebody can join a firm with very good technical background, but should have the ability to convince others with his ideas and opinions. That is where the communication skills play a major role. That is something that our graduates need to gain.

Then you need to have a very good command of the English Language. Currently, most of the text books and other reading material are in English Language. Further we need to converse with people and interact with clients abroad. So mastering the English Language is a must for anybody.

In my opinion, to become successful, you need to work hard. There is no shortcut to success. You need to put in your heart and soul in whatever you do and love the work that you do.

By Dileepa Jayamanne & Upeksha Hettithanthri



HNB

EMPOWERMENT OF SME'S : A BANKING PRIORITY

W. JUDE FERNANDO

DEPUTY GENERAL MANAGER – SME AND MID MARKET
HATTON NATIONAL BANK PLC



THIS BANK WAS INITIALLY ORIGINATED BASED ON AGRO INDUSTRY OF THE COUNTRY WHICH WAS MAINLY TARGETING ON HILL COUNTRY TEA INDUSTRY. HATTON NATIONAL BANK, THEN GRADUALLY SPREAD AROUND THE COUNTRY MAINLY TARGETING REGIONAL AREAS OF THE COUNTRY. HNB ESTABLISHED BRANCHES IN NUWARA ELIYA, BANDARAWELA AND JAFFNA AS WELL. THE UNIQUENESS OF OUR BANK IS, FROM THE INCEPTION WE HAVE CATERED SME BUSINESS OF THE COUNTRY.

HNB is known as a commercial bank, What caused this bank to cater SME industry ?

H NB is considered as a private local sector bank. HNB has incorporated with the

name of Hatton National Bank in 1970. This bank was initially originated based on agro industry of the country which was mainly targeting on hill country tea industry. Hatton national bank, then gradually spread around the country mainly targeting regional areas of the country. HNB

established branches in Nuwara Eliya, Bandarawela and Jaffna as well. The uniqueness of our bank is, from the inception we have catered SME business of the country. Sri Lanka is a country, where the economy is highly relying on agriculture-based industries. HNB has taken initial



actions from the inception of the bank to strengthen and empower small and medium enterprises which were based on agro products. In catering the above fact, HNB has started spreading its network all around the county, especially in regional areas which were less touched by the financial institutes at that time. So the benefits of the banking facilities was not limited to Colombo and as a bank we have identified SMEs as an important economic sector of the country who will provide bread and butter to the country. Business of agriculture is a prompt priority of our bank. So we have realized empowerment of SME industries as a national need and we have taken it as a responsibility. 35% of our income is coming from SME.

What are the challenges faced in empowering SMEs and what are the actions

“THE RISK WE ARE TAKING AS A BANK TO GIVE LOANS AND THE CHALLENGE THE CUSTOMER FACES IN RECOVERING THAT LOANS ARE THE TWO MAIN PERSPECTIVES WHICH WE COULD FOCUS WITH. AS A BANK WE ARE FACING MANY CHALLENGES DUE TO DISORGANIZED BUSINESS ESTABLISHMENTS. ESPECIALLY IN SRI LANKA, MAJORITY OF BUSINESSMEN ARE RUNNING THEIR FAMILY BUSINESSES, AND THEY DO NOT MAINTAIN OR REFLECT REAL FINANCIAL STATUS OF THE INDUSTRY.”

taken in mitigating the risk?

I can explain this in two perspectives. The risk we are taking as a bank to give loans and the challenge the customer faces in recovering that loans are the two main perspectives which we could focus with. As a bank we are facing many challenges due to disorganized business establishments. Especially in Sri Lanka, majority of businessmen are running their family businesses, and they do not maintain or reflect real financial status of the industry. This scenario acts as a barrier for us when issuing a loan for them. As a bank there is an established legal way of issuing loan and this will be done after an assessment of initial capability and the potential of the business in paying back. But unfortunately, most of SMEs are not maintaining and exposing financial reports due to the tax issues. The attitude of businessmen towards

government taxes and procedures are the biggest challenges we are facing. We can feel the capability of the customer, but unfortunately, he can't prove it through valid documents which act as a barrier in issuing loan. Traditionally SME deals with small industries. Our main business is lending money. We are doing a business of accepting deposits and lending money. So, payback capacity is very much important in accepting the loan. In Sri Lanka small entrepreneurs are very weak in paying government taxes and have less trust on audited finance which act as a huge barrier in lending money. Lack of documents and proving factors of their financial capability of the client will lead the bank to reject the loan. This will affect the SME industry in bad way.

The other factor is, with in Sri Lanka most of the businesses are unregistered. 50% of SMEs are not registered under the government regulations. The attitude towards tax paying and financial records leads shrinking the industry. Other than that, lengthy legal procedures are also discouraging customers to get a loan. Not only that many SMEs are family business, they do not expose their business and one or two key personnel are having the authority of handling the business. They usually do not get expertise from outside to run the business, so they will not get exposed to new business concepts, model and smart technologies and still prefer to stuck in the conventional business model which limits the growth of the business.

What is the main model of Hatton National Bank?

HNB is a SME bank. Our strength is not in Colombo. It is the regional areas. We have 250 branches. Our clientele is 3 million. We have 150 micro finance field officers to identify the people with proper potential. So this is the micro level in terms of their business and if they are doing well, they will be subsequently upgraded to SME. Later SMEs are updated to corporate sector. We have a set of sales staff members who are exclusively assigned for SME and they are well trained and competent in handling SME lending and other related tasks.

What are the digital solutions implemented by HNB?

One is the implementation of ERP solutions to the business. It benefits the both the bank and the customer since the system keeps all the parties updated. Especially the customers, they can easily obtain the updates on stock levels through this. We also have WEBXPAY in collaboration with another company which allows the customers to have access to international markets and to do through which e-commerce transactions be done. There's a new e-platform named as Cord360 which provides access to international markets will be received. Further, the introduction of business card instead of using petty cash of which the usage is quite versatile. We have also introduced IPG solutions which are beneficial for the people who conduct businesses to do their online transactions. SOLO by HNB is a QR based payment mechanism offered targeting merchants extending from a mom & pop shop to a large scale retail outlet. This innovative solution is a

“THE OTHER FACTOR IS, WITH IN SRI LANKA MOST OF THE BUSINESSES ARE UNREGISTERED. 50% OF SMES ARE NOT REGISTERED UNDER THE GOVERNMENT REGULATIONS. THE ATTITUDE TOWARDS TAX PAYING AND FINANCIAL RECORDS LEADS SHRINKING THE INDUSTRY. OTHER THAN THAT, LENGTHY LEGAL PROCEDURES ARE ALSO DISCOURAGING CUSTOMERS TO GET A LOAN. NOT ONLY THAT MANY SME S ARE FAMILY BUSINESS, THEY DO NOT EXPOSE THEIR BUSINESS AND ONE OR TWO KEY PERSONNEL ARE HAVING THE AUTHORITY OF HANDLING THE BUSINESS.”

seamless service provided by HNB which enables any VISA or MasterCard customer to link their Debit or Credit Card to the SOLO App. These are the main digital solutions that HNB has recently introduced. With all these changes we plan to execute, we believe that our clientele will be benefitted to the most by resulting in their business growth.

By Gayanthi Mendis & Upeksha Hettithanthri

BUILD YOUR CORPORATE CAREER



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MBA AND MBS ENTRY REQUIREMENTS

- A Postgraduate Diploma from a recognized institute/ university or
- A Bachelor's degree in a management related discipline from a recognized university or
- Any Bachelor's degree from a recognized university with substantial relevant work experience or
- A professional qualification and relevant work experience in a managerial capacity at an organization acceptable to NSBM or
- Senior managers, entrepreneurs and researchers who have had an exceptional and outstanding track record

POSTGRADUATE DIPLOMA (PGD) PROGRAMMES

- PGD in Human Resource Management (English & Sinhala)
- PGD in Business Management
- PGD in Industrial Management
- PGD in Project Management
- PGD in Computing Networks

ENTRY REQUIREMENTS

- A degree from a recognized university or
- A professional qualification with 2 years experience or
- A diploma with 3 years experience or
- A minimum of 5-years experience at managerial level (This will be considered on a case by case basis)

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MINISTRY OF HIGHER EDUCATION,
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AN UNDERSTANDING APPROACH TO BANKING WITH PAB

NALEEN EDIRISINGHE

DEPUTY GENERAL MANAGER,
PAN ASIA BANK



The real essence of Pan Asia Bank, as the Understanding Bank certainly flows through its premises, especially via its vibrant and friendly employees. The bank's level of consciousness about its clientele and its surroundings is clearly reflected by its latest accolade, which comes at a very timely juncture with the discourse of climate change and globalization gaining more urgency, the prestigious 'Global Climate Partnership Award' by The Global Climate Partnership Fund (GCPF), one of the world's largest climate funds which recognizes outstanding performance and impact across categories such as capacities and skills, institutional capacities and green lending offerings, as well as outstanding energy efficiency or renewable energy projects, was awarded to the bank this year.

Thus, in conversation with the Deputy

General Manager, Mr. Naleen Edirisinghe, a veteran in the banking industry, with over 30 years of banking experience in commercial banks, we were given insight into the many challenges and perks of being a suave and successful banker.

What would you consider to be a 'good' bank?

As we know, a bank is typically defined as a financial intermediary between two parties – one which has excess funds and another with a deficit. Simply, what any bank

does is that we create a common meeting place for these two parties with diverging objectives to satisfy each other's intentions while charging a small margin for creating that common platform. That is how a bank makes profit in the simplest terms.

This may sound simple but in

doing so a bank has to comply with a plethora of regulations imposed by the Central Bank, its primary regulatory body. Things such as maintaining of a mandatory liquid asset portfolio, minimum capital, mandatory lending to priority sectors identified by the government of



PAN ASIA BANK

the day as nationally important are only a few.

So, how a good bank distinguishes from a bad one is by way of how successfully the former complies or adheres to these requirements on an ongoing basis. On the hand, perhaps most importantly in the current context is that decisions of a good bank should consider the common good of all the stakeholders, not just its shareholders.

If your decisions and actions are only motivated by the fetishization of shareholder wealth maximization, you will be doomed. What makes this more scary in the case of a bank is that, in the case of a bank you will be doomed along with the rest of the banks and the entire economy.

The 2007/8 Global Financial Crisis is a fitting anecdote for bad banking and how the collapse of Lehman Brothers sent ripples through the global financial sector and how it alone pulled the economy in to a recession which the world is still struggling to recover from.

That's all led by, 'greed' and the decisions driven by the greed; meaning the fixation of shareholder maximization. Today, if you do not give quality lending to good quality customers, you are not considered a good bank. And if you do not encourage sustainable lending or green lending to make the world a better place for the next generation, you are no longer



“Right now, my future goals call for a sense of purpose more than for achievement. My aim now is to impart as much knowledge as possible to my juniors and to the up coming leaders. Knowledge and experience are meant to shared, and that is what I strive to do, teach all I know, to ensure that my successors truly understand and are fully informed of the challenges and the nitty gritty of what we do.”

considered as a good bank. If you do not consider the well being of your staff, the well being of the people around you – the community -, you are no longer considered as a good bank. If you loan Rs.100 million to a project

without an Environmental Impact Assessment and a Social Impact Assessment, you are not a good bank. If you keep on adding brick and mortar branches one after the other when the digital banking is ubiquitous, you are no longer a



“ We support people in their walks of life to reach their full potential by way of becoming their financial partner. That is why we were the first bank in Sri Lanka, or perhaps in the world who recognized our senior citizens as a crucial segment which can be part of the banking and financial system when every other bank ignored them. ”

good because you do the right opposite of reducing your carbon foot print.

The list is exhaustive, and I can add many more pre-requisites to be eligible to become a good bank. So, the bar is high, it is getting higher everyday to become a good bank, which I think is a good thing. So, your social responsibility, community wellbeing, and staff welfare is at the top in the agenda when becoming a good bank, plus of course complying with a slew of regulatory requirements which is sine-quo-non.

How does your bank contribute/impact the economy?

Every bank makes an impact on the economy in many ways. We also do this in many ways.

We support people in their walks of life to reach their full potential by way of becoming their financial partner. That is why we were the first bank in Sri Lanka, or perhaps in the world who recognized our senior citizens as a crucial segment which can be part of the banking and financial system when every other bank ignored them.

Our 'Sammana' loan scheme was the pioneering loan scheme which began providing financial assistance to the people above 55 years of age to realize their unrealized dreams. We foresaw that ours is an ageing economy but a healthy economy and thus

our longevity is going to be high. That is why we took this bold step towards holding the hands of this very segment in reaching their full potential during their latter stages of their lives when others looked the other way.

Not only do we support the individuals, we have in recent times went to the extent of lifting the lives of the farming community by way of funding their lives and irrigation systems. Going beyond what we were supposed to do, we went to the extent of providing technical know-how, training on new farming methods and finding even buyers – local and export markets – so that they hedge their market risk via forward sales agreements. Just imagine the light we bring to the lives of



thousands of people that we bring through these projects which go beyond just banking.

This is the good banking what I earlier spoke about.

The banking sector is the riskiest industry in the world, what are the risk management strategies your bank uses to overcome this?

Of course, to be successful, you cannot play safe, and as you correctly said, our industry is indeed always in a 'high risk' zone. Thus, there are a few concepts and systems that we ensure we follow, some of them being comprehensive credit evaluation before granting of any facility, robust credit underwriting, rigorous post credit monitoring before falling in to non-performing, continuously striving to maintain elevated minimum capital buffers so that

bank is ready for unexpected shocks, continuous development and up-skilling and re-skilling of the staff on new development and new opportunities emerge in the sector – E.g. Sustainability and international relations, succession planning, information security risk to minimize security breaches and continuous innovation to stay relevant are some of the things that we employ to manage our ever-evolving risks.

We live in a world with an incessant need for innovation. What are the challenges banking institutions face due to this?

The biggest and the most prominent one is the competition we receive from the fintec (financial technology) firms and the telcos who already have the data and the digital infrastructure to leverage the payment and the

banking space. Data security breaches and privacy violations is another, of course. Then, there is the attempt for money laundering by various unscrupulous parties and last but certainly not least, the higher initial outlay which can take years to payback

Via a finance experts' perspective – what are some tips and tricks you would like to afford our readers in terms of managing finances.

I shall list our 4 simple tips, that have personally worked well for me: Save Minimum 15% of your take home income, give 5% to the needy, luck will come your way, use Credit cards only for consumables and spend on education.

Where is the Sri Lankan Banking Industry heading? Are we on par with the world?

Sri Lankan banking industry is

heading towards a more competitive landscape with the coming launching of the International Financial Centre in the now reclaimed Port City which will open up the local banks for more competition in terms of digital capabilities, speed, service excellence and the linkages with international banks.

On the other hand, we will have bigger, stronger and more shock resilient banking system in Sri Lanka with higher capital buffers as the Sri Lankan banks are in lockstep with the BASEL regulations – the international minimum capital requirements for banks – with which we are fully compliant.

Besides, we have also adopted the International Financial Reporting Standards, in fully compliance with the standard to the letter making our banks in direct comparison with the international lenders wherever they may be.

This is a good thing because we come in the radar of the international investors so that capital could become freely available for further expansion. In a nutshell, I am absolutely optimistic about the future of banking in Sri Lanka, although the nature and the shape of how we do banking could be somewhat different from today. We are today in this transformation, for which I am happy to observe. So, the bottom-line is that the customer is befitted out of this transformation.

We hear of scholarship schemes/loan schemes provided by international banks, which allow students to pay back once they start working – do we have such opportunities here as well, thoughts?

THIS IS A GOOD THING BECAUSE WE COME IN THE RADAR OF THE INTERNATIONAL INVESTORS SO THAT CAPITAL COULD BECOME FREELY AVAILABLE FOR FURTHER EXPANSION. IN A NUTSHELL, I AM ABSOLUTELY OPTIMISTIC ABOUT THE FUTURE OF BANKING IN SRI LANKA, ALTHOUGH THE NATURE AND THE SHAPE OF HOW WE DO BANKING COULD BE SOMEWHAT DIFFERENT FROM TODAY. WE ARE TODAY IN THIS TRANSFORMATION, FOR WHICH I AM HAPPY TO OBSERVE. SO, THE BOTTOM-LINE IS THAT THE CUSTOMER IS BEFITTED OUT OF THIS TRANSFORMATION.

Yes, we were one of the pioneers who started Education loans through our Aspire loan. This is granted to the following:

- 1) Parents & Siblings – For siblings Education
- 2) Individuals above 18 – For Professional exams

Depending on the repayment capacity 7 years will be given to repay with a 1-year grace period. During the grace period only,

interest needs to be serviced.

What is your role as DGM in the bank?

I am overall in charge of the performance of our 85 Branches with the main responsibility of growing the advances book. While overlooking the performance I need to represent the bank in several Board meetings such as the Monthly board meeting, Board credit committee, Board audit committee. I also attend the Sri Lanka Bankers association monthly meetings which discusses issues pertaining to the banking industry.

I have been with Pan Asia Bank since 2000 and seen this branch from making losses up to Profits after tax over 1.5 Bln as at date. When I started there were only 5 branches which has now become 85.

We have been awarded the Global Climate partnership award 2019 for our contribution to the sustainable banking industry. In addition, we have won International wards for the most innovative products such as Sammana the first loan scheme for pensioners, Dasakam a Savings account which pays 10% additional to interest. We also have won a large number of awards locally from the Ceylon chamber of Commerce.

What competencies do banks look for in an undergraduate?

Among many things, they should certainly be confident, smartly dressed and carry themselves well, we are also looking for employees who are economic, with the ability to justify a case and of course, possess good communication skills.

By **Natashya Chamba**



MY DREAM IS TO BE A SENIOR SOFTWARE ENGINEER

“ I FEEL, AT NSBM, I CAN
ATTAIN A STRONG
FOUNDATION IN COMPUTER
SOFTWARE ENGINEERING
WHICH WILL EQUIPP ME
WITH THE SKILLS TO LEARN
ANY EMERGING
TECHNOLOGY ”

CATERING TO THE NEXT GENERATION CUSTOMERS: **AN ABSOLUTE IMPERATIVE!**

THILAK PIYADIGAMA
CEO, SANASA DEVELOPMENT BANK



“TEAM NSBM HAD THE PLEASURE OF MEETING THIS HUMBLE VETERAN BANKER WITH OVER 30 YEARS OF EXPERIENCE IN THE INDUSTRY, HAVING SERVED IN SENIOR MANAGEMENT POSITIONS IN THE BANKING AND TECHNOLOGY INDUSTRIES IN SINGAPORE, THE UAE, UK AND SRI LANKA. HE WAS ALSO INSTRUMENTAL IN THE LAUNCH OF FRIMI, THE FIRST DIGITAL BANK IN SRI LANKA. AND THIS IS WHAT HE HAD TO SAY TO US, ABOUT THE CURRENT TRENDS IN THE INDUSTRY.”

Tell us a little about your journey so far.

I was born in Hatton, completed my primary and secondary education at St. Anthony's College Kandy and tertiary education at the University of Moratuwa specializing in Electronics and Telecommunication.

I started my career at John Keels Holdings as a Computer Engineer, banking was an accident as I never had any

dream of becoming a banker. In 1996, I joined Standard Chartered Bank as the Head of Technology. Joining Standard Charter Bank was the turning point in my career because after around 2 years I was made the Head of Operations which lead me to become a banker. My tenure of 18 years at Standard Chartered gave me international exposure by giving me the opportunity to work in Dubai, London and Singapore. Upon my return to Sri Lanka I joined the Nations Trust Bank as the Chief Operating Officer in the year



2016 and after a very small tenure of two and half years at Nations Trust Bank I joined the Sanasa Development Bank PLC as the Chief Executive officer in March, 2019.

Why did you continue in the banking sector if it was merely an accident?

Since I got to work in four different geographical locations and perform eight different global job roles throughout the career it was a very interesting journey. Every day it felt like I am starting something new and doing something new and that's what kept me going.

What do you consider to be a good bank?

The basic expectation that a society has from a bank is trust and security and the banks and bankers are considered to be custodians of public funds.

For me a good bank is a bank that safeguards the interest of the depositors, creates wealth responsibly, mitigates risk responsibly, adheres to the ethical and professional standards and abides the laws, rules, regulations and social norms.

You have worked in the international level. What do you think about the Sri Lankan Banking sector when in comparison to the international sector?



“ I THINK THAT WE NEED TO COME OUT OF THE ISOLATED COUNTRY CONCEPT WE HAVE AND OPEN UP OUR BANKING SYSTEMS FOR FOREIGN TRANSACTIONS AND MAKE USE OF OUR GEOGRAPHICAL LOCATION STRATEGICALLY TO DEVELOP THE ECONOMY. IF WE MANAGE TO DO THIS PROPERLY WE WOULD BE ABLE TO REACH THE SAME LEVEL AS INTERNATIONAL BANKS. ”

From my experience our banking industry is more or less the same as the international banking systems and the only difference is that our economy is smaller compared to other countries.

I think that we need to come out of the isolated country concept we have and open up our banking systems for foreign transactions and make use of our geographical location strategically to develop the economy. If we manage to do this properly we would be able to reach the same level as international banks.

What's Sanasa Development Bank PLC and What's the contribution of Sanasa Development Bank PLC to the Sri Lankan economy?

Despite the general perception that most Sri Lankans have on the Sanasa Development Bank, it is not a government bank instead it's a company listed in the main board of the Colombo Stock Exchange. In a gist, we are a development bank that helps mostly non-urban communities. We belong to the small bank category of the Central Bank categorisation of banks.

When we take a look at the history of Sanasa Development bank, a set of cooperatives got together and created this bank 22 years ago with the intention of development of cooperatives and to probably eradicate poverty. But with the changes in economy Sri Lanka has also moved on from a poor country to a mid-income earning country with a poverty rate of 4%. Therefore, at a latter stage Sanasa Development bank identified that the focus should be moved away from only cooperatives and as a

“PEOPLE IN SRI LANKA HAVE GONE THROUGH A COMPLETE BEHAVIOURAL CHANGE SIGNIFICANTLY DUE TO THE CHANGES IN TECHNOLOGY ESPECIALLY MOBILE PHONES AND INTERNET. FOR EXAMPLE SRI LANKA HAS A MOBILE PHONE DENSITY OF 127% AND OUT OF THIS MAJORITY IS SMARTPHONES, THIS IS A HUGE OPPORTUNITY AND IF WE DON'T UTILISE THIS THROUGH MOBILE APPS AND INTERNET BANKING WE ARE GOING TO CRASH SINCE WE WILL BE IRRELEVANT TO OUR CUSTOMERS.”

result we moved onto SMEs (Small & Medium Enterprises) and currently our focus is spread across over the development of cooperatives, SMEs and the retail sector of the country.

Currently we have 94 branches located all over the country mostly in non-urban areas. If I am to compare with our competitor's industry, I must say we are performing better than most banks which can be indicated by the industry's average for Non-performing Loans (NPL) being 4.8% whereas ours is 3.8%. Moreover, now we are using the latest technology like internet banking, mobile banking, online payments and etc at Sanasa Development Bank as we have identified that the needs of the next generation customers have changed.

Technology and innovation are rampantly being adopted into the banking industry. How do you perceive the changes in technology to the banking industry as a challenge or an opportunity?

I perceive the changes in

technology as a major opportunity to the Sanasa Development Bank. It's not a challenge at all. It becomes a challenge only if we fail to get it right. Getting it right involves knowing the technology, knowing what should be done and having the appropriate people to manage the changes in technology and innovation.

People in Sri Lanka have gone through a complete behavioural change significantly due to the changes in technology especially mobile phones and internet. For example Sri Lanka has a mobile phone density of 127% and out of this majority is smartphones, this is a huge opportunity and if we don't utilise this through mobile apps and internet banking we are going to crash since we will be irrelevant to our customers.

Moreover, continuous improvement and fast adoption are necessary to make this into an opportunity rather than a threat.

When we look at the industry majority of the banks use technology. But from the customer's perspective it's argued that banks don't use technology efficiently. What's your opinion?

I think that as an industry we have managed to use the technology efficiently to a considerable extent. But there are certain rules and regulations, problems with technological infrastructure and procedures and systems of other government institutions that limit the banking system from using the technology effectively 100%.

For an example a customer can't open up a bank account without physically visiting a bank due to the fact that it's mandatory for a bank to engage in the Know Your Customer (KYC) procedure which will take a few hours. If the industry wants to move into Electronic Know Your Customer (EKYC) then there should be two major changes in the banking industry that is beyond the control of banks. Firstly, the banking systems should be electronically linked with the Department of Persons Registration and secondly all the banks in the industry should have a common network that can be used to exchange data effectively.

I think that certain regulations should be changed and new technologies should be used with the permission of regulatory bodies to improve the efficiency of technology usage in the banking industry since most of the problems lie outside the banking system.

What sort of challenges has Sanasa Development Bank faced due to the conditions in the country?

There are certain challenges that we face as a development bank due to certain limitations in the Sri Lankan society, economy and culture. There are certain factors including Entrepreneurship and risk taking being discouraged by the society, lack of research and statistics to support new entrepreneurs to start-up businesses, government policies not encouraging businesses, lending rate being too high, lack of awareness about investment opportunities that prevent people from investing in enterprises.

As a financial expert what's your advice to the readers in managing their finance?

I do believe in this famous quote "If you are born poor it's not your problem, but if you die poor it's your problem". I think that if an individual follow these tips they will be able to manage their finances more efficiently. Firstly, you should live within your means, secondly, save before you spend, thirdly you should budget your personal expenditure, fourthly it's better to avoid unnecessarily spending on lavish items just to follow a trend and finally, an individual should have an investment portfolio depending on your risk appetite and personal needs.

Do you think that Sri Lankan banks offer sincere advice to their customers?



I think that all most all the Sri Lankan banks offer genuine and sincere advices to the customers due to the fact that the banking sector is highly regulated. But, unfortunately this is not the case for most of the other financial institutions since they are not heavily regulated by the government. The crash of Edirisinghe Trust Investment (ETI) company is a good example for this situation in the country.

Moreover, I think that most private banks do offer more advices to their customers when compared to government banks.

What do you look in a graduate?

What I look at is much more than a

degree. A degree gives you a good foundation but it's too academic and I believe that skills can always be taught and built. What I look for is attitude, passion, exposure to the industry, ability to change and cope up with change and the ability to learn and unlearn on a continuous basis.

You have visited NSBM. What do you think about NSBM when compared to traditional universities?

I think that NSBM has one of the best purpose built structures in the country that is in par with most foreign universities.

By Sulakshana De Alwis &
Tharani Sooriyaarachchi

NSBM INCUBATION ACCOMPLISHMENTS

EMBLA INNOVATION CENTER – IN COLLABORATION WITH NSBM

TO ACCELERATE ARTIFICIAL INTELLIGENCE RESEARCH AND DEVELOPMENT (AI R&D)



EMBLA INNOVATION CENTER - AI & MACHINE LEARNING

Embla Software Innovation (Pvt) Ltd commenced its operation in 2009. The company provides product development resources and services to Scandinavian region, and this year successfully completes a decade of unparalleled service in the industry providing quality software development.

Embla Innovation Center aims to accelerate research and development of AI in Sri Lanka. To achieve this goal, Embla Innovation Center opens up collaboration in Artificial Intelligence (AI) research between academics and industries. Embla partnered up with The National School of Business Management (NSBM) – Homagama in March 2019 with 10 interns with the collaboration of Verico (One of Embla's development partners in Norway). The researches conducted in Embla Innovation Center will be focused on the use of

state-of-the-art techniques in AI, to solve various challenging problems. Embla is also planning to conduct AI workshops to accelerate the spread of AI knowledge in Sri Lanka. These workshops are run in collaboration with NSBM, offering hands-on training for students, academics, and industries who seeks for a solution of real-life problems with AI and machine learning.

Embla Innovation Center also provides another level of value addition by not only involving local development practices, but foreign software development & research as well. The goal is not only to conduct R&D for Embla but to create "Innovation Centers/teams" and research and development facilities for our clients in Norway as well. Advantage is two folded where university students acquire more industry experience, while the industry gain resource for their project efforts at a considerably lower rate.



Nowadays, there is an abundance of service supply possibilities. There are many CROs (or contract research organizations) emerging from the academic world offering their expertise in specific processes. Traditionally doing on-demand research, offers have evolved to become catalog -based deliveries. In countries such as Norway, outsourcing is more common in the IT industry. By outsourcing their R&D needs, and working with Embla Innovation Center, they can;

- Benefit from the expertise and innovation of an expert company - this opens up doors to work with different companies and academic groups. It also has lots of different expertise within reach, which means making partnerships and benefiting from the knowledge of experts to pursue innovation.
- Optimizing costs - the process of outsourcing R&D reduces

costs and enhances performances in a given activity according to many companies. In addition, they can spare money on wages and training for specific devices.

- Access to a larger talent pool - this enables a company outsourcing R&D to gain access to a more global talent pool.
- Increased Flexibility - it can be much cheaper and faster to look at outsourcing options rather than setting everything up in-house. Embla Innovation Center provides robust systems and processes in place to ensure the project is delivered on time, within budget, and to the agreed specifications.

SLASSCOM – AI NATION INITIATIVE

Main objective of the collaboration between Embla and

NSBM was to spearhead the AI Nation initiative by The Sri Lanka Association of Software and Services Companies (SLASSCOM) to bring in R&D towards AI and machine learning. According to their Artificial Intelligence (AI) policy, there is now an unprecedented opportunity to harness these technologies and use them to advance not only economies but also to bring solutions to some of the world's looming challenges. Sri Lanka is equipped with the potential to make use of this transformative technology, to emerge as a key player amongst its South Asian counterparts for AI policy, research, and delivery. This policy will also help various sectors on how to strengthen Sri Lanka's competitiveness in AI.

ABOUT THE PROJECT

The first phase of the project was to enhance the efficiency of a



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manual process by automating using AI and machine learning technologies. After six months, the first phase of the project was integrated to the production environment. This has increased the efficiency of the system by 100%. The two initial projects are;

POWER STATION SAFETY AND PROCEDURES (AI EXPERIENCE)

With a great focus on green energy, energy sector is actively reinventing generating, storage, and transmission of energy; And one of the key important aspects is the transmission. In electrical transmission, sub stations are placed at specific places. Most of these sub stations are unmanned,

and regular visits are being made for maintenance and repairs. The safety and security of the personnel at the substation is paramount. One scenario of safety is to exit the substation safely and swiftly in an emergency situation. Initial project is to research on a solution to use augmented reality (AR) to guide the personnel out of the building quickly.

DATA ENTRY AUTOMATION WITH AI & MACHINE LEARNING

Embla's client Verico, focuses on asset management software for the electrical energy sector. One of the services provided by them is to catalog existing assets to identify deficiency in asset

management systems. This procedure involves taking pictures of substation assets and updating the validation system. A lot of manual work is used in finding information from images, which AI and machine learning can be employed to make it more efficient.

The progress of all projects is monitored through Embla Extended Process Matrix (EEP). The EEP model is applied to optimize cross-cultural product development and create productive teams in Sri Lanka. This model can be customized to suit the requirement of conducting R&D in collaboration with all the relevant parties.

CHALLENGES

The journey towards this achievement is not an easy task as collaboration with a third-party involvement can always be challenging. One of the biggest challenges was to maintain the same company culture as students are based on co-locations. However, the students were able to blend in successfully by attending our training sessions, workshops and events from time to time. Embla have also placed a dedicated Team Lead for management and coordination of all the Embla Innovation Center activities. With the cooperation of NSBM management together with Embla's internal process, within few months, Embla managed to overcome these challenges to create a super team that produced results. <brownie points for NSBM>

BENEFIT TO THE STUDENTS

The advantages of research & development extend beyond having an impressive degree certificate. Through detailed research, students develop critical thinking expertise, as well as effective analytical, research, and communication skills that are globally sought-after and incredibly beneficial. Ultimately, research is essential to economic and social development of our globalized society, forming the foundations governmental policies around the world. By being a part of Embla Innovation Center, students are gifted with an opportunity to;

- *Work with experts - students are given an opportunity to collaborate closely with our team leads/experts. While the students steer the projects, our team leads will provide guidance and ensure students*

develop the skills and methods required for their field.

- *Give back to communities - students can start to think of themselves as knowledge creators, as they've already made a significant shift in how they're contributing to both local and international communities.*

- *Enhance communication skills - an important part of being a well-developed researcher is talking and writing about that research. After the project is completed, students present their work as research report.*

- *Enhance Knowledge and learning - students are provided with an opportunity to be trained on real life AI/machine learning projects for the future*

BENEFIT TO NSBM

The interdependent research relationship between Embla and NSBM enable both entities to sustain growth in their respective areas. Just as industry needs innovative ideas to ensure profits, researchers need additional research investments to sustain faculty productivity. There are numerous benefits that derive from this collaboration, including benefits to society, universities, and companies.

- *Social benefits - society benefits from university-industry research relationships through innovative products and technologies. Industry-sponsored university research is often developed into practical applications that benefit society. Indirectly, Embla-NSBM partnership may spawn new industries that boost Sri Lanka competitive*

advantage globally.

- *University benefits - potential financial rewards of patents and licenses that result from the commercialization of academic research. This provides a means by which NSBM can decrease the governmental funding gap.*

Additionally, faculty of NSBM can benefit through the access to cutting-edge equipment not always available in university labs. This equipment enables faculty to seek additional lines of research that, ultimately, contribute to faculty productivity, which can be used by institutions such as NSBM to attract top students, establish their legitimacy, and acquire available public funds.

BENEFITS TO THE COUNTRY - OUR CONCEPT TO BRING DOWN R&D TO SRI LANKAN UNIVERSITIES

Most IT companies are related to services where the requirement for R&D effort is much less. The caliber of R&D carried out here in Sri Lanka cannot be compared at a global level and most Sri Lankan companies do not have the required funding to maintain R&D for a longer period of time. Embla plans to promote more foreign clients to have their R&D centers at NSBM using the "Extended R&D Centers" concept. By using this concept, Embla plans to expose the global level R&D technical knowledge to the NSBM student community, which will enhance and inspire innovation, taking their career to the next level.

FUTURE

Embla is currently at the initial stage of getting other Embla partners on-board to expand their



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R&D and, to include more students. One of the partners have already requested for students and NSBM is paving its way to make the expansion. Embla also plans to expand their R&D to other universities, if possible.

sector. Embla product suite focuses on the Microsoft group of tools and open source tools.

Embla has the Microsoft Gold partnership and holds the ISO9001:2008 certification showing that Embla is truly a

quality IT-company. Embla is also the only company in Sri Lanka that have achieved the Achilles certification, hence they are the only company that is qualified to apply for projects within the Norwegian and Danish oil and gas industry.

ABOUT EMBLA

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MY DREAM IS TO BE A CREATIVE INTERIOR DESIGNER

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SOMETHING THAT I LOVE AND
ENJOY DOING SO MUCH, INTO
A CAREER ”



Affiliated exclusively to top-ranked universities



Transfer to Australia





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