

ADVANCEMENT OF TECHNOLOGY FOR SUSTAINABILITY A CRUSADE DURING THE PANDEMIC

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Can you give us a brief introduction about the business model of your organization?

In 2005, BRAC, an international NGO commenced its operations in Sri Lanka targeting the micro clients in the Tsunami affected areas by providing

access to finance.

In 2013, the company planned to avail their services in mainstream financing which resulted in acquiring a small finance company together with LOLC PLC, a leading financial conglomerate in the country under the name of Brac Lanka Finance PLC. Brac International had the major shareholding and they were involved in the management. This venture was

unique in terms of broader technical capabilities the two partners brought in, LOLC as a leasing specialist and Brac as an internationally renowned Microfinance player. In 2014 Brac International sold its entire stake to LOLC PLC under the Central Bank's consolidation plan making LOLC the major shareholder. In 2018, the Company was rebranded as LOLC Development Finance PLC (LODF).



LODF has developed a unique business model targeting micro and micro SME female borrowers by deploying a capable and committed team of female staff. This female to female approach has helped the entity to understand the client's needs better, thereby being able to reshape and remodel the methodology.

How does your approach to customers stand out in the competitive finance industry?

By the time LOLC acquired Brac in 2014, we had various challenges in MIS, limited product offering, inadequate branch infrastructure and the higher cost of operation which impacted the bottom line adversely. Having recognized these limitations, a new IT platform was introduced, the branch network was revamped, and the product offerings were expanded.

Today, LODF has a portfolio of LKR 17bn with an active customer base of

MR. ROHANA KUMARA IS THE CEO/ DIRECTOR OF BRAC LANKA FINANCE. HE BEGAN HIS CAREER AT A REPUTED BANK IN 1994. HE JOINED LANKA ORIX LEASING COMPANY PLC IN 1998 AND SINCE THEN HAS HELD SEVERAL POSITIONS WITHIN THE LOLC GROUP. DURING THE COURSE OF HIS CAREER, HE HAS OBTAINED EXTENSIVE EXPERIENCE IN THE FIELDS OF CREDIT, OPERATIONS, DEPOSIT MOBILISATION, MARKETING, BRANCH MANAGEMENT AND MICRO FINANCE. HE SERVED AS CHIEF OPERATING OFFICER OF LOLC MICRO CREDIT LTD FOR TWO YEARS PRIOR TO THE ACKNOWLEDGEMENT OF THE CURRENT POSITION

170,000.

We have expanded our product portfolio by introducing leasing, micro housing and entrepreneur loans.

Our target clientele is predominantly female, who could take a loan and repay it by engaging in an economic activity. Our role doesn't just end by issuing them a financial facility. We support them to climb up the ladder by providing different product offerings as well as financial and business know-how. We assist them to master what they are good at, for example, it can be from selling carpets, making handicrafts to engaging in dairy farming. We have established our branches in semi-urban and rural areas to provide easy access to our clients located across the island. At LODF, we recruit our staff from the same regions, as they are the ones who would best understand the local setup which enables a smooth service delivery.

We tailor-make some of our solutions targeting the existing good clients who seek for a faster and a better



customer service. The centralized data processing unit and our investments on developing human capital have given us the desired edge over the competition. Those visionary approaches have reinforced our foundation in the competitive finance industry.

Was LOLC using any technological platforms prior to the emergence of COVID-19?

When considering the operational procedure, we were mainly extending our financial support to the low and lower middle-income categories to strengthen their economic situation through small scale businesses. Since most of these clients do not have active bank accounts, the major challenge for us was to bring them in to the formal banking system. We encourage our customers to save for the future and accordingly we have developed a deposit module to cater to this need.

So, it is imperative that our officers visit the clients' doorstep for collections and this practice is required to take place on a monthly basis. At LOLC, the organizational structure is such that we empower our staff with the correct attitude, so they are very much familiar with the customers and their livelihood. This continues to be a huge impetus to our business. However, this monthly collection procedure came with its many practical issues. For example, deploying female staff in the field at certain times was difficult. We even started to face issues like cash robberies. This cumbersome situation led us to initiate a technology driven mechanism to obtain these collections. However, a new problem arose since our customers were not tech-savvy. Therefore, we started to educate them on the usage of novel technologies. Most of our customers did not own smart devices and did not have access to internet or online banking facilities. So, applying a technology driven solution was quite challenging at the initial stage.

“ WE WERE MAINLY EXTENDING OUR FINANCIAL SUPPORT TO THE LOW AND LOWER MIDDLE-INCOME CATEGORIES TO STRENGTHEN THEIR ECONOMIC SITUATION THROUGH SMALL SCALE BUSINESSES. SINCE MOST OF THESE CLIENTS DO NOT HAVE ACTIVE BANK ACCOUNTS, THE MAJOR CHALLENGE FOR US WAS TO BRING THEM IN TO THE FORMAL BANKING SYSTEM. WE ENCOURAGE OUR CUSTOMERS TO SAVE FOR THE FUTURE AND ACCORDINGLY WE HAVE DEVELOPED A DEPOSIT MODULE TO CATER TO THIS NEED. SO, IT IS IMPERATIVE THAT OUR OFFICERS VISIT THE CLIENTS' DOORSTEP FOR COLLECTIONS AND THIS PRACTICE IS REQUIRED TO TAKE PLACE ON A MONTHLY BASIS. AT LOLC, THE ORGANIZATIONAL STRUCTURE IS SUCH THAT WE EMPOWER OUR STAFF WITH THE CORRECT ATTITUDE, SO THEY ARE VERY MUCH FAMILIAR WITH THE CUSTOMERS AND THEIR LIVELIHOOD. THIS CONTINUES TO BE A HUGE IMPETUS TO OUR BUSINESS ”



However, we knew that most of our customers were familiar with the mode of mobile reload facility and the easy cash mechanism. Hence, we saw the potential in implementing a system similar to the easy cash application to collect our payments. Thus, after discussing with the telecommunication company, 'Mobitel' we were able to introduce a similar facility and we immediately transferred into the cash transfer system using the mobile phone. We conducted several awareness campaigns to make the users familiar with this cash transfer method and it was very successful.

We have also modified our lending strategy by moving from group loans to individual lending which have helped us to experience a smooth operation during the pandemic situation. A mobile collection solution too has been provided to the field staff thus all our loan officers are now able to transact through mobile devices.

We have our own internet banking app which will facilitate the

transactions digitally for which we are creating awareness and trainings at present.

How have the advancements of technology supported your business, especially during this pandemic period?

The outbreak of COVID-19 has minimized the inter-human

interaction. Since we had already taken the necessary precautions prior to the pandemic, our collection system did not collapse. If we had to maintain the same monthly collection system through staff members, our situation could have gone from bad to worse in no time. However, being able to introduce suitable and timely solutions has been the secret to our success. The pandemic did not impact much on our collection system, because we had properly trained our customers to use technology for payment





of empowerment and post monitoring have strengthened the consumers' payback ability and thus has minimized our financial loss. We have trained our employees to be empathetic and professional when approaching the customers at any given time. These good practices have helped us to survive in this pandemic period.

You are handling foreign branches in some Asian countries. How did they implement technology in this situation?

In addition to the assignment here in Sri Lanka, I am heading LOLC's Investments in Pakistan and Indonesia. There are many distinct cultural and social differences in these countries. Therefore, we have customized our solutions and methodology to suit the context of those individual countries.

While our collection frequency in Indonesia is on a weekly basis, we emphasize on a monthly collection in both Pakistan and Sri Lanka. The average loan amount in Indonesia is around USD 250, where in Sri Lanka it is around USD 750. The data usage is higher in those countries and WhatsApp is the only mode that can be used to contact a person; that is because they keep changing their mobile connections. Therefore, we switched our call center completely to WhatsApp mode and that mechanism supported to maintain a strong line of communication. Finally, I must note that COVID 19 has been a truly challenging situation for it has completely changed the lifestyles of people. So we are keeping our eyes open and adapting ourselves to the new changes to make our business resilient even during severe disasters.

By Archt. Upeksha Hettithanthri & Gayanthi Mendis

procedures. I believe that it was a very good and wise initiative taken by us towards strengthening our capacities in a competitive financial industry.

What are the strategies you applied to withstand the challenges in this distressed situation?

At LOLC, our main strength is our agility to manage the business. We have established best practices focusing on our operational costs to provide the best customer experiences. We have trained our staff and clientele to use technology driven approaches as much as possible. This supported us in maintaining the financial transparency and accuracy. By introducing innovative Technology driven approaches, we are able to know exactly how much one branch or an officer has collected immediately after the collection. We are able to experience this real time information, thanks to the technology usage and a systematic

methodology that we have now implemented in our all our operations. This has noticeably minimized the operational cost plus the room for fraudulent activities.

In addition, during this period, our staff helped each other and they closely monitored the financial and social conditions of the customers. We have developed a system to empower our customers and educate them beyond the financial aid they expect from a financial company. We have linked them with leading industry experts, and we have empowered them through a solid form of knowledge transfer mechanism. Our service has further expanded on educating our customers on how to utilize the loan they have obtained from us effectively. For this task, we have linked our team with leading knowledge providers and we educate our customers on the current trends and demands to utilize and manage the loans in the most effective way. We believe that post monitoring is a practice that is crucial after granting a loan. The processes