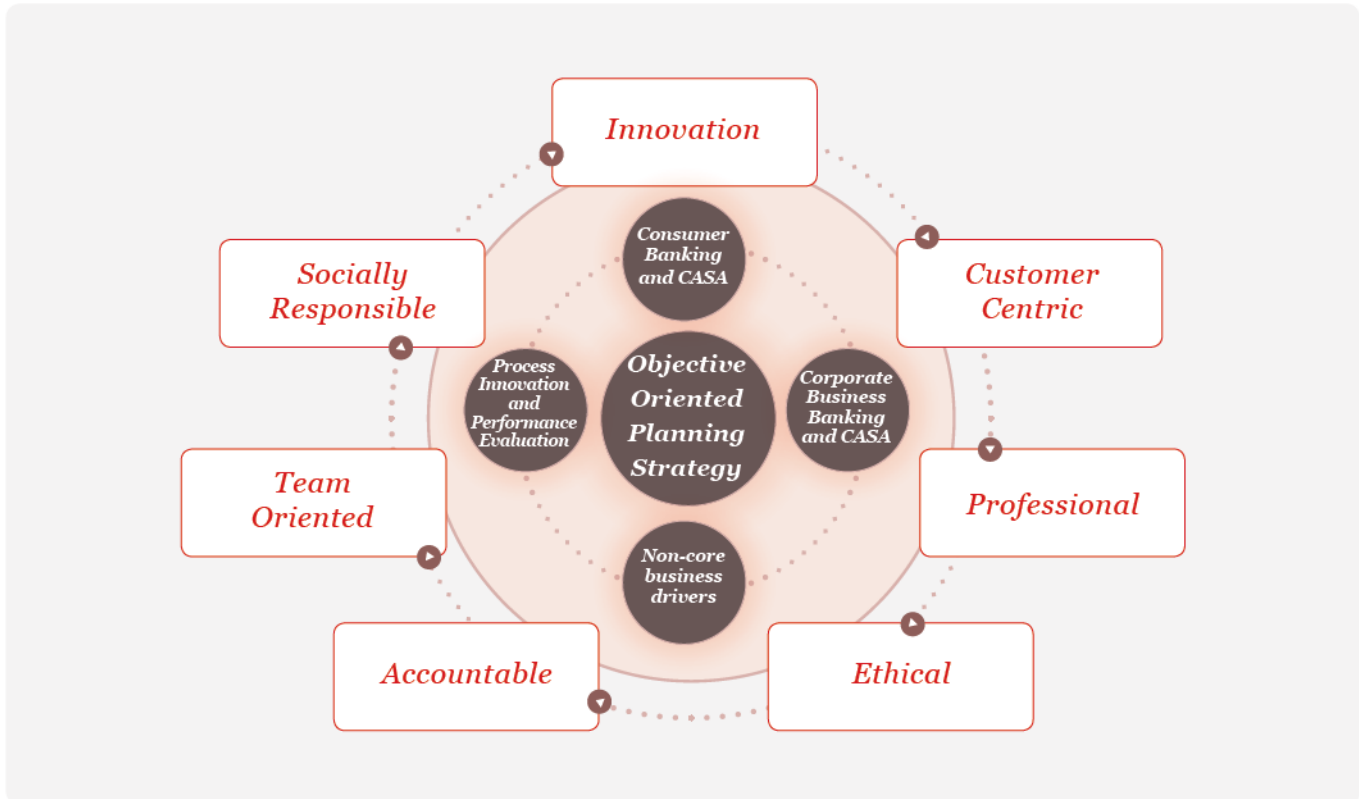


# Strategic Direction and Outlook

## Short, Medium and Long-term Goals of the Bank

In keeping with the vision to be the leading financial solutions provider, the Bank set about formulating short, medium and long-term goals spanning from 2018 to 2020 and beyond. The Bank looked at its long-standing heritage of national development, the promotion of entrepreneurship and SME, and the recent move into the fully-fledged commercial banking space. The goals were formulated around the seven core values of the Bank and corporate planning sessions were arranged built on the pillars of Objective Oriented Planning Strategy (OOPS).



During the period 2018-2020, the Bank will focus on four main areas:

1. Consumer banking and Current Accounts and Savings Accounts share of wallet
2. Business banking and corporate banking share of wallet
3. Non-core business drivers to increase other income
4. Process innovation and performance evaluation

The Bank intends to maximise resource utilisation towards improving the customer experience and offering better customer convenience, including improving the digital customer experience in order to achieve customer satisfaction, retention, loyalty and engagement.

In an effort to broaden the customer base of the Bank, a number of strategic initiatives derived through OOPS have been established in different customer segments. Some of these initiatives include user-friendly online banking solutions and actively engaging customers through more loyalty building activities across customer touchpoints. As part of the OOPS initiative, a re-evaluation of the current business model of the Bank was undertaken, based on a nine building block analysis technique. This includes analysis of customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structures in order to shift the Bank's perspective from organisation-centric to customer-centric.

In general, the Bank focuses on enhancing productivity at branch level while reducing the paperwork of day-to-day operations in an effort to move towards a modern paperless work environment and establish a sustainable green banking solution. As measures of improved business processes, the Bank intends to implement the principles of lean management, truly paperless processes, improved workflow tools and automated task management.

Additionally, the Bank intends to improve MIS and innovation while focusing on customer profitability, employee motivation and engagement. The Bank plans to carry out marketing and promotional activities in the city and rural areas with the objective of raising brand awareness and creating a strong position in the minds of consumer banking customers.

***SWOT Analysis***

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>→ Solid reputation in the industry with a strong heritage</li> <li>→ Multidisciplinary staff</li> <li>→ Recognition from international funding agencies</li> <li>→ Expertise in energy sector</li> <li>→ IT subsidiary that provides Fintech solutions</li> <li>→ High equity base</li> <li>→ Previous experiences in transforming entities: DFCC Vardhana Bank, National Asset Management Limited, Lanka Ventures Limited, Lanka Industrial Estates Limited etc.</li> </ul>	<ul style="list-style-type: none"> <li>→ Low number of current accounts and savings accounts/small ticket deposits</li> <li>→ Limited presence in trade opportunity areas</li> <li>→ Limited operations in Foreign Currency Banking Unit (FCBU)/Export clients</li> <li>→ Low customer reach</li> <li>→ Attractiveness of the offerings – Credit cards offers and loyalty programmes</li> <li>→ Inadequate footprint in Western Province</li> <li>→ Lower cross selling ratio</li> <li>→ Limited overseas presence</li> <li>→ Higher concentration of existing customers on traditional project lending</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>→ Customer-centric business models</li> <li>→ Business intelligence and information advantage</li> <li>→ Opportunity to tie up with local agents</li> <li>→ Untapped potential in Foreign currency business</li> <li>→ Consultancy business</li> <li>→ Entrepreneur incubator model</li> <li>→ Supply chain funding solutions</li> </ul>	<ul style="list-style-type: none"> <li>→ Cyber security</li> <li>→ BASEL III capital adequacy requirement</li> <li>→ Maintain the existing rating</li> <li>→ Expected political and economic disruptions</li> <li>→ Increasing cost of existing and new foreign debt and premium on swap</li> <li>→ Challenges from non-banking institutions eg: Telcos</li> <li>→ Increasing concentration of business ownership</li> <li>→ Consolidation move</li> </ul>