

# Institutional Capital

DFCC Bank's institutional capital comprises of largely intangible, non-financial components that, when managed systematically, can create value and enhance performance. Institutional capital can encompass, amongst various elements, the Bank's accumulated knowledge, systems and processes, corporate culture and values, brand, and business ethics and integrity.

## Organisational knowledge

The Bank leverages the knowledge it has accumulated since its inception to achieve its strategic objectives. By constantly analysing how to maximise potential and increase the efficiency of staff and responding appropriately to employee feedback obtained through multiple mechanisms, the Bank stays true to its tagline, "Keep growing".

One of the ways in which the Bank seeks to propagate its accumulated knowledge is by appointing in-house industry experts to educate employees on loan appraisals and other technical areas. This reinforces the strong affinity for collective learning within DFCC in which senior employees are encouraged to mentor and pass on their knowledge to the next generation of officers.

The Bank's intranet, "WECONNECT" functions as a repository of policies, knowledge, procedures, regulatory guidelines, as well as a safehouse of the Bank's history.

## Corporate culture and values

The corporate culture of DFCC is founded upon its core values of being ethical, customer centric, innovative, professional, accountable, team

orientated, and socially responsible. Upon joining the Bank, new recruits participate in induction programmes that instil an awareness of the Bank's corporate values and behavioural expectations. The training unit regularly conducts programmes to reinforce these values and expectations, while rewards and recognition mechanisms are in place to further encourage bank employees to live and drive the values in their day-to-day interactions.

The Bank focuses on collective professional growth and in ensuring a work culture that is inclusive, open, and supportive. The culture is one that actively encourages diversity of opinion, facilitates an open-door policy that makes access to senior management freely available to all and enables bottom-up communication through mechanisms such as open days, townhall meetings, multiple grievance escalation mechanisms and more.

## Business ethics and integrity

Ethical banking and integrity are a key part of the Bank's culture and ethos. DFCC adheres to the highest levels of ethics and integrity across all its business dealings. Being ethical means applying the principles of honesty and fairness to relationships across the Bank, be it with colleagues or customers. The values of honesty, integrity, accountability, trust, loyalty, fairness, and respect for others are promoted as core requirements within the Bank's operations.

The Bank has in place a Whistle-blowing Policy that outlines how employees can be reported to the HRD or the Audit Department in the event of a transgression of ethical behaviour. Several cross functional committees including the Grievance Committee and Reach Out Committee as well as other systemic mechanisms are also in place to address such issues.

## Digital infrastructure

DFCC Bank's drive to become a leading digitally-enabled bank saw a critical boost during the lockdowns imposed due to the pandemic. The strategic investments the Bank had made and continues to make to improve its digital capabilities paid off as customers fully embraced the digital solutions and services during the lockdown. The Bank has swiftly adapted itself to the new normal and is geared to cater to its customers for the future.

## Digital strategy

DFCC Bank has developed its digital strategy roadmap to be the most customer centric and digitally enabled bank by 2025. These strategies keep evolving with new trends and technologies. The Bank has categorised its digital strategy offerings into four pillars: digital channels, digital payments, digital operations, and digital services. A plethora of products have been and will continue to be launched under these four pillars.

Digital channels include a selection of unique products. The DFCC Bank website has been revamped and re-launched with novel features such as online applications to open savings accounts and special deposit accounts, credit cards, interactive calculators to provide on-site solutions, and location services. The site is integrated with DFCC Chatz (Chatbot, live chat, and Video Chatz). Furthermore, a prominent credit card comparison page makes it easier for customers to select their preferred credit card and apply online. A new feature which permits customers to add promotions to their Google calendar has been introduced recently to ensure customers do not miss out on relevant credit card offers. The most recent feature enhancement to the website is the income tax calculator that supports individuals to assess their personal income tax liability for the year 2020/21.

The Cash Recycle Machines (CRMs) of DFCC Bank permits customers to perform cardless/card-based cash deposits and withdrawals from a single unit. This CRM service has been expanded to 52 locations in 2020 and will be expanded to 72 by the end of 2021. The Bank collaborated with Lanka IOC and introduced eight off-site CRMs at their fuel stations, allowing 24/7 access to customers at these locations. Cheque deposit kiosks have been developed and launched in 17 locations and will be expanded to 30 locations by the end of 2021. The Bank also partnered with Megapay and introduced Pay-and-Go machines in 30 locations where customers can walk in and top-up their mobile phones and pay up to 55 different billers, which will be expanded to 40 locations by the year end.

The DFCC Virtual Wallet is currently a dynamic and novel product that facilitates multiple functionalities and facets. The channel is a wallet with built-in mobile banking features in a single product. A newly designed interface was introduced last year where the customer has the choice of using the product in either Sinhalese, English, or Tamil, providing an engaging and interactive experience. The Bank has added over 15 new features to add value to existing and new customers through the channel. The Virtual Wallet facilitates a range of useful features, such as checking the balances of customers' current/savings accounts, interest rates, maturity dates on fixed deposits, loan balances, and due dates. Customers can also add their DFCC Bank credit cards (primary and supplementary) and view credit card details, card number, credit limit, available balance, minimum payment due, payment due date, card status, cash back rewards value, and view credit card transaction details and credit card statements from the last three months. Transfers are enabled, allowing customers to transfer funds within their own accounts, to third party DFCC Bank accounts, or to other bank accounts

via CEFTs and provides the option to add account transfers to favourites and pay other bank credit cards via CEFTs. Customers can also download or share the transfer confirmation receipt to beneficiaries. Additionally, customers have the option to top up their Virtual Wallet and make bill payments to mobile and telecommunication service providers, utility services, insurance providers, send money to mobiles, and request money transfers. A cardless withdrawal feature is also enabled where customers can withdraw cash from nearly 135 DFCC Bank ATMs and 52 CRMs island-wide with 24/7 access. More billers will be added in 2021.

DFCC Bank also relaunched the "Mobile Teller" doorstep banking service, offering customers the option of completing cash deposits at their preferred location. New features will be introduced to add more value to customers in the future through this channel.

Digital payment options have also been introduced recently and the Bank was the first to introduce DFCC Pay integrated with Lanka QR and JustPay to support QR-based payments, and merchants have been onboarded to accept such payments.

The digital services have been greatly enhanced in recent years. The SMS alert service has been upgraded to encompass a wider array of customers and the service now covers junior children's savings and teen account holders. Customers can interact with the DFCC chatbot in a language of their preference, either via Facebook Messenger, Viber, or through the corporate website. If the inquiries are too complex for the chatbot to handle, the customer will be directed to a live chat with a Contact Centre agent. The DFCC Video Chatz feature was introduced post lockdown wherein customers can interact via video with a Contact Centre agent for support with digital products and for customer onboarding.

### **Core banking system**

The Bank embarked on implementing a new core banking system in 2019. The new system features a digital platform to facilitate the digital-adoption process and will replace the existing system. Several Application Programming Interfaces (APIs) are being integrated that will allow various systems to be centrally connected to the new core banking system, thus creating a more agile platform that will enable the Bank to respond faster to the changing business environment.

### **Customer experience**

The Bank takes an integrated approach to customer service and experience. A centralised Customer Experience Unit handles all incoming customer enquiries and complaints from multiple channels, be it the corporate website, email, telephone, social media, or letters, allowing for increased quality of service and shorter response times. Customer centricity is a core tenet of DFCC Bank and is embedded in all employees from recruitment.

Customer services ambassadors have been appointed in branches and they are tasked with driving the importance of consistent and sustainable customer experience across the branch network. The unit continues to identify gaps in service utilising mystery shopper surveys as well as complaint management mechanisms, and addresses and conducts refresher trainings to ensure that staff can maintain high standards of service. Data analysis is increasingly being adopted by the Unit, enabling it to perform root cause analysis to identify and eliminate recurring issues.

### **Tea Integrated Payment System**

DFCC Bank's Tea Integrated Payment System (TIPS) platform offers the tea industry a dedicated, streamlined, and

## Institutional Capital

scalable system that integrates tea smallholders, factories, and financial institutions, thus supporting a key industry in the country. The system automates a lot of manual processes that are employed by the industry in tracking the collection of tea leaves and issuing payments to various stakeholders through the integration of technologies such as Near Field Communication (NFC), Radio Frequency ID (RFID), and Bluetooth. Additionally, the system also helps to expand financial inclusion for approximately 10% of the country's population and increases transparency and efficiency of the industry.

### Payments and Cash Management system

DFCC Bank's Payments and Cash Management system (PCM); DFCC iConnect handles the transactional and cash management needs of its corporate customers. In 2020, besides all the integrated payments and collections propositions, the Bank extended the system to facilitate the supply chain management of its customers through a fully automated distributor/supplier financing module. With this feature, the Bank's customers can now create a credit line and extend it to their distributors/suppliers and make payments to them, issue invoices, and obtain short-term loans through the system. This reaches out to the ecosystem of the Bank's corporate clients to operate on a common platform. This online portal is a fully integrated Payments and Cash Management platform that enables the Bank's customers to perform all their daily transactions through a secure channel. The DFCC iConnect mobile app was introduced to provide customers the flexibility of viewing and authorising payments on the go and with the intention of making transactional banking instantaneous.

### Business processes and operational efficiencies

During the year, as the norm shifted to working from home due to the pandemic, the Bank fully embraced the Google Workspace suite. The Bank's staff was provided with more tools to gain increased visibility into their data and to efficiently work on their functional areas. Over 40 different workflows were created that helped to break down the silos between various departments and enabled better cross-functional collaboration.

The Bank is developing a data-driven culture internally. A Business Intelligence Unit was established in 2018 to provide the Bank's staff with a holistic overview of its customers. A Business Intelligence Steering Committee was also established to enhance the value, quality, security, and understanding of institutional data through the coordinated efforts of all stakeholders. The Bank's staff are provided with access to dashboards that offer predictive analysis that will enable them to better understand the needs of their customers and encourage them to proactively work with them to provide solutions and financial products.

As the Bank's operations effectively run 24x7, Robotic Process Automation (RPA) is increasingly seen as a critical and effective means of addressing internal process bottlenecks. RPA has been extensively incorporated into backend processes that can speed up how quickly customers receive feedback on their queries. A number of manual processes such as data entry have been automated, thus speeding up services dependent on those processes such as enabling online banking for customers. Furthermore, it has enabled the Bank to shift staff from task-oriented roles towards more productive, value adding roles.

RPA saw a boost in its usage with the sudden moratoriums introduced by the regulator during the pandemic. A significant amount of work brought on by the moratoriums was offloaded to RPAs, thus enabling the Bank to complete the work in days compared to weeks with manual processes. This effort was recognised by SLASSCOM and won the Best Post-COVID Innovation Award in the Business Continuity category at the RPA Awards 2020. In addition to RPA, the Bank also introduced a new workflow for credit card application processing to streamline and fast-track application processing and the approval process.

### Security and infrastructure

The shift to work from home for most of the Bank's staff, posed certain security challenges that needed to be addressed for the Bank to carry on its operations smoothly without interruption. Additional layers of security were added to the Bank's internal systems to enable users to connect securely to the Bank's internal systems from home. The Google Workspace suite enabled over a thousand users to work from home, thus allowing them to access their files and emails and conduct meetings seamlessly.

The Bank launched the Visa Secure platform to make online transactions more secure for its customers and signed up with Visa for its fraud detection system. The Bank also commenced its Point-Of-Sales (POS) acquiring business, which has quickly grown to over 600 units, and launched the "DFCC Pay" app, the first mVisa-supported mobile app in the country.

### Brand equity

The Bank was successful in adapting a marketing communication strategy using digital means to meet the brand objectives during the pandemic. This resulted in an ongoing process of customer engagement online, as well as through social media which facilitated continuous communication with all stakeholders.

The Bank's marketing strategy shifted towards digital which facilitated a continuous brand presence for top of mind awareness engaging the relevant products and services targeted at different segments using the varied social media networks and digital platforms such as Google.

The social media networks, Facebook, Instagram, YouTube, LinkedIn and Twitter were used aggressively to connect and engage during an era where there was a surge in the consumption of online activity across the country. This resulted in the DFCC brand succeeding in increasing the number of followers

that engaged with the brand, a peak in video views on the Bank's products and services, and a higher degree of impressions on these digital platforms on brand related content.

A considerable number of campaigns were converted to "Digital only" campaigns but nevertheless brought in an over achievement on the results.

Despite the unprecedented events that took place in year 2019 and 2020, the DFCC brand has been ranked amongst the top 100 most valuable brands in Sri Lanka by Brand Finance in the year 2020, which is one of the best accolades a brand can achieve in Sri Lanka. Further, the Bank managed to be amongst the Business Today's Top 30 Corporates, which is a significant achievement in the banking industry.

2020 also saw the Bank celebrating a milestone with its 65th Anniversary. An integrated 360° campaign sought to highlight the journey the Bank has been on thus far as an unwavering pioneer in the Sri Lankan banking sector and

the technologically advanced future that lies ahead of it. This was the Bank's main campaign of the year and was conducted on above-the-line(ATL) and below-the-line(BTL) mediums, including Digital marketing channels.

A new theme song for the Bank was also developed in collaboration with the Bank's staff, which will be used for the next five years in internal campaigns and initiatives. Several activities such as religious ceremonies, a CSR initiative where 65 rural schools were provided hand washing booths to reduce the spread of COVID-19, a cycling initiative in line with the Bank's sustainability goals of creating a healthy lifestyle, opening of the new state of the art Pinnacle Centre, relocation of the Kurunegala branch and a staff awards ceremony were carried out in line with the 65th anniversary celebrations.

Numerous campaigns were launched during the year which aided in driving brand top of mind along with various public relations initiatives that helped the brands messaging reach out to multiple segments across the country.

Key campaigns for the year saw the launch of DFCC Salary Partner and Salary Plus, DFCC Teen, Special Deposit Account, DFCC Pinnacle, the timely launch of a Fixed Deposit product that offered a preferential interest rate for senior citizens, DFCC One Loan debt consolidation product etc.

A new credit card brand campaign was also rolled out during the year to reinforce that DFCC is the only credit card in the market that offers a 1% Cash Back every time the card is swiped, along with a campaign for DFCC Pay, a payment App which enables QR payments and fund transfers facilitating contact-less transactions.

Another significant campaign during the year showcased the Bank's digital offering of DFCC Virtual Wallet, DFCC iConnect, Pay and Go, eStatements,



**Moving forward with trust**  
DFCC Bank celebrates 65 years

**An Industry Pioneer**  
The corporate brand campaign launched to coincide with the 65th Anniversary was a key highlight during the year.

## Institutional Capital

M-Teller, online banking, and SMS alerts. The campaign was timely one, educating customers of the solutions available for performing financial transactions with ease and limiting physical interaction as a result of COVID-19 precautions.

The Bank continued its efforts to improve the financial literacy in rural areas through the “DFCC *Sahaya Hamuwa*” series of workshops aimed at developing MSMEs. The Bank was able to conduct three workshops across the branch network prior to the lockdown, after which seven workshops were conducted as webinars. With the guidance of the CBSL, the Bank launched the “DFCC *Sahanaya*” special loan scheme aimed at small and medium-sized exporters affected by the pandemic.

The Bank also streamed an online entrepreneurial skills development programme titled “DFCC *Vayapara Athwela*” enlightening and inspiring entrepreneurs, SMEs and the general public to enhance their knowledge on topics such as “Seizing business opportunities through creativity and innovation”, “How to start an entrepreneurial business with a novel business idea”, “Improving financial literacy and financial management skills in entrepreneurs” and “Techno entrepreneurship and adopting technology”. This educative program was streamed on the Bank’s Facebook page and YouTube channel.

The “DFCC MySpace” self-service banking units were established across multiple locations which enhanced the brand’s outdoor visibility. Other initiatives such as vehicle branding, pylon signage, outdoor hoardings etc; are ongoing to maintain top of mind awareness of the brand.

## Notable recognition and awards

### DFCC Bank’s Brand Rating

	DFCC Bank’s Brand Rating		
	Position	Rating	Value LKR Mn
<b>2020</b>	<b>28</b>	<b>A-</b>	<b>5,039</b>
2019	25	A+	6,334
2018	27	A+	4,706
2017	39	A	1,660
2016	38	A-	1,684

Source: *Brand Finance Sri Lanka 100 – 2020*

DFCC Bank received recognition from the following bodies in 2020:

- Ranked the number 1 Cash Management Service Provider in Sri Lanka by Euromoney
- Placed 28th in Brand Finance Top 100 Most Valuable Brands, 2020
- Ranked 20th among Business Today’s Top 30 Corporates in Sri Lanka 2019/20
- Ranked 29th among LMD’s Most Awarded 2019/20 and Hall of Fame (Top 50)
- Merit Award for Outstanding Development Project Awards – Human Capital Development by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) for the #TogetherWeGrow initiative
- Merit Award for Outstanding Development Project Awards – Corporate Social Responsibility by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) for the “*Samata English*” initiative
- Merit Award for Outstanding Sustainable Project Financing for financing micro, small, and medium dairy farms from the Global Sustainable Finance Conference in Karlsruhe, Germany
- RPA Awards 2020 Best Post-COVID Innovation Award in Business

Continuity category for the Automated Debt Moratorium initiative by the Sri Lanka Association for Software Services Companies (SLASSCOM)

- Winner of Most Popular Banking and Finance Website in the LK Domain Registry bestweb.lk competition
- Bronze Award for Best Tamil Website in the LK Doman Registry bestweb.lk competition
- Merit Award for Best Sinhala Website in the LK Domain Registry bestweb.lk competition
- Merit Award for Best Banking and Finance Website in the LK Domain Registry bestweb.lk competition

## Anti-bribery and corruption

The Bank adopts a zero-tolerance approach to bribery and corruption. An Anti-Bribery and Corruption Policy (ABC Policy) is in place and monitored by the Fraud Risk Management Committee (FRMC). The FRMC regularly reviews the policy content to ensure comprehensiveness and relevance, and carefully scrutinises operations. The Policy compels all staff members to follow and abide by all applicable laws and regulations connected with bribery and corruption and further prohibits them from transacting with individuals who are vulnerable or known for bribery and corruption.

## Compliance

DFCC Bank conforms to all applicable environmental and other statutory laws and regulations. There were no incidents of non-compliance concerning the Bank’s operations, marketing, labelling, loss of consumer data, and other processes recorded during the year. No fines were imposed or paid for non-compliance with regulations concerning the Bank’s products and services during the year.