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People's Bank Aims to be the Most Digitalized Bank by 2020

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**RASITHA GUNAWARDANA,
CEO AND
GENERAL MANAGER
OF PEOPLE'S BANK**

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People's Bank Sri Lanka has undertaken a comprehensive and multi-pronged digital programme, achieving 80% digital onboarding, a strong uptake of its mobile banking and digital transactions.

The dynamics of the traditionally cash-based society of Sri Lanka are changing quickly with penetration in the following areas going up: smartphone, mobile (jumping to 137%) and internet (rising to 34%). While financial institutions are rapidly investing in digital channels, the competition on mobile channel is quickly heating up with new applications and instant payment services like e-money, QR code and near field communication-based payments.

People's Bank, the country's second largest bank, is breaking away from the traditional mindset and legacy technology barriers and has been the frontrunner in undertaking digital transformation. The bank has over 10 million customers and operates through one of the largest physical networks with 745 branches and around 1,000 automated teller machines, cash deposit machines and kiosk machines. Adopting a holistic approach, it developed 'People's Digital', an ambitious digital drive focusing on seamless digital experience. The comprehensive transformation included upgraded core technology, digital channels, mobile application, digital branches and digital onboarding among others. A challenging transition for the 57-year-old unionised state-owned bank set in traditional mindset.

Multi-pronged initiatives

Sharing the details of the bank's digital journey, Rasitha Gunawardana, CEO and general manager of People's Bank explained, “We initially thought of six modules, some of these are digitizing the internal processes and others are at the front end where the customer interacts with the bank. We introduced hand-held mobile app and corporate internet and mobile banking. We are proud that the adoption of our mobile app is number one in the market. Some of the private competitors are catching up but we have still maintained the difference because we were early adopters. For the corporate Internet and mobile banking app, it sits on corporates' desktops and they can do all their transactions with the bank.

That is a little slow because even for corporates in the country it means a sea change in the culture.” In a systematic move, the bank looked into core technology as well as channel initiatives and implemented Silverlake’s Digital Bank Platform for end-to-end digital engagement, including the development of digital omni-channels. The platform comprised of several modules towards digital onboarding, internet banking, mobile banking and loan origination system for retail and corporate customers.

With the world moving towards mobile communication and transactions, the bank focused on channel as it launched “People’s Wave” app for its retail customers in 2018. This enabled customers to complete their registration and perform 50 types of transactions through mobile. Besides all core financial transactions, it included pawning (gold loan) service and also the ability to transfer cash to any individual even if he does not hold a bank account, which could be collected at the nearest People’s Bank branch.

Digitizing the physical network, the bank rolled out digital onboarding centres and paperless digital branches. These included ‘on the move’ digital marketing agents equipped with WiFi-enabled tablets and devices for digital onboarding and to serve customers with the country’s first paperless branch. All these facilitated opening of accounts within a few minutes, instant card issuance and activation of cards and digital channels. In addition, the bank implemented 230 new self-banking unit concepts comprising cash of deposit machines, automated teller machines and kiosks to improve the 24/7 service capability using digital technology.

The bank is also developing a retail loan origination system that has been rolled out in 35 branches. Once the pilot is complete, it will be rapidly rolled out to all branches. Previously it took about one week to one month to give loans. Now by being digitally enabled, we will be able to give loans within an hour to one week, depending on the collateral,” explained Ranjith Kodituwakku, deputy general manager, People’s Bank. He shared that the bank expects to launch its corporate loan origination system by October 2019.

Recent digital transaction growth

The People’s Wave app achieved remarkable market acceptance. “Prior to the launch of this app, the bank had a native short message service (SMS), unstructured supplementary service data (USSD)-based mobile banking, which had 800,000 customers. Since the launch of the new app, it achieved a download of 310,000 within seven months, with four times the value of transactions from 250,000 customers,” said Priyantha Edirisinghe, chief information officer, People’s Bank.

The app recorded over a million financial transactions and over eight million non-financial transactions. It currently has a good customer satisfaction rating of 4.4 out of 5 on Google Play. Notable results can be seen in the bank’s overall digital journey. It now has 180 digital branches, which it plans to extend to its entire branch network in one year. The digital branches have improved efficiency and enabled the staff to shift to more relationship-centric roles.

REMARKABLE MARKET ACCEPTANCE

**by the People’s Wave app
within 7 months of launch**

310,000
DOWNLOADS

> 1 Million
FINANCIAL
TRANSACTIONS

PEOPLE'S BANK
IN 2018



+348%

**GROWTH IN DIGITAL
TRANSACTION
VOLUME COMPARED
TO 2017**

"We have digitally onboarded 400,000 new customers and 80% of all our onboarding is digital now. Our target is to increase this beyond 90%," added Kodituwakku.

"Since we have started digitalization, we have not recruited any staff. People are retiring. We are trying to cover our costs by having more channels, more access to the bank rather than coming to counters. We have stopped expanding our branch network. We have established more than 250 self-banking units across the country. We can further capitalize on this concept in future," revealed Kodituwakku. Notably, the bank achieved a significant 348% growth in its digital transaction volume in 2018 compared to year 2017.

Growing competition and future plans

As the shift towards mobile transactions continues to accelerate in the country, competition is rapidly mounting from other banks, as well as FINTECHs. For instance, National Trust Bank acquired 100,000 customers when it launched the FriMi mobile platform that offers the following: peer-to-peer payments through phones, retail payments through QR code, near field communication to enable merchants to accept payment through phones, and lifestyle solutions such as gifts and donations. The Commercial Bank of Ceylon, on the other hand, implemented a trilingual 'Flash' app that provides the following: personal goal-based saving and budgeting, hospitalisation expense insurance, split bills and facility to open a deposit. Among FINTECHs, Dialog eZcash offered QR payments, quick inward remittance and built a strong ecosystem with an overseas payment partner, acquiring over 3.5 million customers.

The competition in digital and mobile services is definitely heating up in Sri Lanka. However, the bank is optimistic in beating the competition. "Other banks have introduced applications, but I am not sure if they have a truly digital platform. On top of the core banking, we have built a digital application layer with Silverlake and on top of this we have built digital channels. In that sense we are truly digital," pointed Kodituwakku.

"We plan to be the most digitalized bank by 2020 and we are driving towards it", he said. "Since we have a digital platform and core banking and it is integrated with social media, we have a lot of data. Our next step is to see how we can use this big data to churn out new opportunities, business intelligence and how we can manipulate this data to give digital market offerings to customers. Customer specific marketing is the future," he added.

Digital penetration is still picking up in the country while access to smart phones and internet is low but growing. Expanding digital banking adoption will require constant customer education. People's Bank has an advantage of being an early adopter, but it's continuing future success will depend on how agile it is in bringing new solutions to the market, how effectively it can exploit data and how it will continually expand its network through collaborations to offer a wider spectrum of customer-centric services.



Silverlake Digital Economy in Banking

Background

In 2012 the founder of Silverlake, in conjunction with a new team from an international bank background, set up a new company 'Silverlake Digital Economy' to devise a way of simplifying the business problem of managing continuous change in banks as customers embrace mobility and the pace of business change increases. The goal of Silverlake Digital Economy was to develop a bank-wide unified Platform of customer experience and customer fulfilment services that would sit in front of any bank's systems of record, including core banking. The resulting, newly architected Silverlake FINTECH Banking Platform provides a properly layered solution for meeting the needs of customers, whilst positioning Core Banking as a manufacturing system to meet the needs of bank management and regulators. The Platform is architected to be agnostic to core banking vendors and acts as a 'CO-Core' to the Core; the CO-Core focused on the customer, the Core on bank manufacturing and regulatory needs.

Deployments

The 'anchor bank' for the development of the Silverlake FINTECH Banking Platform since 2013 has been Bank Islam Brunei Darussalam (BIBD). A number of applications have been delivered to BIBD using the FINTECH Banking Platform in accordance with the bank's highly successful digital banking strategy. One of these applications (an assisted-service bank sales and service model) won an Asian Banker award for Best Smart Branch Project in 2016.

The Platform has reengineered all of a commercial bank's fulfilment processes (for example account opening, origination, account maintenance, payments) into digital operating models that can be executed STP. These digital operating models are designed around the customer and provide an end-to-end (e2e) solution (for example the loan fulfilment process begins with the customer application (on any channel) and ends with disbursement - cutting across multiple existing bank organization silos). These new operating models and the business service software components that automate these fulfilment processes were launched to the market in the second half of 2015.

Two more banks committed to the Platform at the end of 2015 - Commercial Bank International (CBI) in the UAE and People's Bank of Sri Lanka. CBI chose to deploy multiple FINTECH Banking Platform modules and a new version of Silverlake Core Banking as a 'Big Bang' deployment; this was achieved in June 2017. People's Bank has chosen to deploy the selected modules of the FINTECH Banking Platform in phases; the first phase - a new sales and service model for branches - was launched at the end of July 2017.