A Journey Of Growth And Diversification



People’s Leasing & Finance has established itself as the market leader of the industry. Celebrating its 20th year of being a service to the people of the country, the Group continues to change with the evolving needs of its customers. D P Kumarage, Chief Executive Officer/GM has spearheaded the success of People’s Leasing & Finance. He explains that team-work, efficiency and loyalty of the staff have been the key factors that have propelled the Group forward. He stresses that it is important to diversify and always be on top of the game. Their humane

approach towards customers have ensured a long-term clientele that has reflected the success of the Group.

By Udeshi Amarasinghe | Photographs Mahesh Bandara and Isuru Upeksha

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People’s Leasing is celebrating 20-years, can you tell us about the journey of the company?
We started as a small operation in 1996, with just three staff and a ten million rupee capital. Although the initially approved capital was 25 million rupees,we started operations only with 10 million rupees. At the beginning we were located at the People’s Bank head-office building.

We grew year by year, but of course the Indian Government credit line that was given to Sri Lanka for the importation of goods of Indian origin helped us during the initial stages. We were able to benefit from the importation of buses, which gave us a solid foundation. We learnt greatly during the initial stages and from there onwards we kept moving forward.

Our ultimate goal was to become the leader in the industry. It was a dream for us then because we were quite new to the industry compared to many other companies that had been in operation for over 50 years. However, we reached our goal within six years into operation by becoming the market leader in 2002. It was indeed a tremendous achievement for us. We have managed to retain that position up to now. Becoming the leader itself was difficult but maintaining that position was even more difficult.

The fact that we are owned by People’s Bank was an advantage for us because at that time people believed in state institutions. They had confidence in us. However, at the same time there were disadvantages because some thought that we also inherited the weaknesses of the state sector and did not have the efficiency of the private sector. In fact, we had the best of the state sector and private sector.

We persevered and as a result we are here today. We kept on changing, thus the

company became a performance-based culture.

At PLC, everything depends on performance. If anyone performs well we will aptly reward him/her irrespective of their seniority. We consider our staff as the best assets of the company. If we treat our staff well then they will retain customers and also access new customers. We keep the staff motivated and constantly keep initiating measures for their welfare as well as on education and training. We have implemented schemes to financially assist our employees to pursue higher education such as MBAs and postgraduate qualifications. We consider training as an investment, not an expenditure. Given the continuous expansion and growth of the Company, this gave an opportunity to create a career path for the staff. We rarely recruit people from outside, especially for operations.

These coupled with the teamwork spirit with which we face every challenge on our way, are the important factors that contributed to our success over the years.

What can you tell us about the performance of the company?
We have done well on a year-on-year basis. Now it is a period of consolidation. Today we are ranked as the largest non-bank financial institution in the country. We are also the highest profit making non-bank financial institution in the country. We have been retaining this position for a long period. Though we became the market leader just six years into operations, it took us longer to achieve the top notch in terms of profitability. However, six years ago we were able to achieve this as well.

We use two-yard sticks to measure our performance; one is the asset base and the second is profitability. Even amongst banks we rank number seven in terms of profitability and number eight in terms of the asset base. We have been successfully maintaining this position for the last four years.

How does the group work within the restrictions of the state sector and also have the flexibility of the private sector?
We have a well diversified and experienced board that is headed by a dynamic Chairman. They give us guidance and freedom to do what is required. Unlike most other state institutions, our boards have always allowed us to run the operations of

the company independently. Therefore, we were and still are able to operate like any other private sector company. We had the stability of the state sector to grow. As we continued to perform we were able to make a substantial contribution to the success of our parent, People's Bank as well

We Consider Our Staff As The Best Assets Of The Company. If We Treat Our Staff Well Then They Will Retain Customers And Also Access New Customers. We Keep The Staff Motivated…

What was your strategy?
While we continued to develop the capacity of our staff we focused on developing and investing in IT. This is vital in today's context because technology is a key to our business and investing in IT has contributed substantially to our performance. We have a very good and efficient management information system, which is essential for us to obtain reliable information and make decisions quickly.

Can you elaborate on the products and services offered by the group?
We have constant dialog with our customers to know what their requirements are. And, we also receive feedback through our research teams. We change accordingly and provide tailor made packages to suit our customers' needs. We kept on changing on a yearly basis depending internal and external factors. We were able to give the customers what they really want. We always looked at ways to improve our services and assist the customers.

If a customer is affected by a natural calamity or if a customer is facing some other difficulty we would look at ways to help them. We do not harass them by asking for payments but look at the reasons as to why he defaulted. As long as it was not done intentionally or for illegal purposes we would help the client. In business there are ups and downs and as a leasing and finance company we understand that there will be difficult situations. By helping a customer during such difficult times, we have been able to morally and financially support them. This has helped us immensely in the long run because we have been able to win the trust and confidence of our customers.

You have a very diverse customer base ranging from individuals to SMEs to blue chip companies, what can you tell us about this?

We always looked at different opportunities to develop. We kept studying the market and changing accordingly. We started our operations initially with individuals and then gradually expanded it to the lower end of SMEs, to lower and middle end corporates and today we have been able to tap into high-end corporates as well. We have a diversified set of customers and we are able to cater to all types of customers. We diversified our products and our systems to meet the requirements of the different types of customers.

If You Take A Look At Our 20 Year Journey We Have Grown Consistently Because We Continued To Change Our Attitudes And Our Way Of Thinking.

People's Leasing is known for its customer friendly and efficient service. How have you been able to achieve this?

We didn't confine ourselves to our offices or office hours. We look at the needs of the customers. Most of the customers do not even need to visit us now because we visit them. We will visit the customer at their place of business or at home at a time convenient to them, even if it is outside our normal business hours. Today of course most of our customers are repeat customers, so we know all their details and have their documents thereby quickening the processing time. We also advise clients on how they can diversify their businesses because they have been with us for a long period.

How has the new budget and regulations affected the leasing sector?

The regulatory framework has a direct impact on us. About four years ago there was a drastic reduction in the duty applicable to vehicles. This generated a massive boom in the leasing industry and many new vehicles came on to the roads. Now, there is a substantial increase in the duty structure; almost a reverse step from the previous. However, as we have diversified our products, the impact of these regulatory changes was not felt drastically. We have diversified our customer base, therefore we were able to sustain and maintain this growth. If you look at our 20 year journey we have grown consistently because we continued to change our attitudes and our way of thinking.

We started as a leasing company and now have five subsidiary companies. We ventured into insurance, microfinance and fleet management. All these areas are interconnected. The five subsidiary companies have been a strength to the parent

company because each is doing a segment of business that is complementary to the other. We focus only on general insurance and we have become number five in that sector.

We also adhere to corporate governance, transparency and accounting standards. For the last eight years we have won the gold award for the best annual report in the leasing and finance company sector. That speaks volumes of not only the profitability or the business but also of our corporate governance and financial discipline.

Before CSR (corporate social responsibility) became a buzzword we set aside more than two per cent of our profits to do CSR. We contributed to uplift education, environment and the health sector. We soon became one of the ten best corporate citizens in the country. We are known as a company that has given something back to the society.

What are your thoughts on banks providing leasing and financing facilities?

Initially banks were only catering to the needs of their customers. But, since of late they have started to offer their own leasing and financing products. It is a concern for leasing companies. In the leasing industry 75 per cent of the market is dominated by about seven companies including ourselves . The others are very small operations. This is the reason we diversified. If not we would not have been able to survive.

Can you tell us about the extent of People’s leasing in Sri Lanka?

Initially we set up our own branches while also having window offices in all major branches of People’s Bank. We had about 160 window offices, which were just nothing but a small desk within the People’s Bank premises. Subsequently, we converted those window offices to branches; as such we have 92 of our own branches and 108 window offices within People’s Bank premises. In parallel to the 20th anniversary celebrations of our company which falls this year, we have decided to expand our branch network to reach 100 branches.

You have spearheaded the success of the company. How were you able to achieve this?
It was a team effort. We stayed focused and we had a vision that we wanted to achieve at every given time. When the company was listed in the Colombo Stock Exchange that was a massive turning point for the company. Of course there were many problems at that time, where it was taken up in parliament and the trade unions were against this move. But our board stood by us and permitted us to complete the listing and today all are reaping the benefits of that decision.

That was the turning point for the company. At that time we were 100 per cent owned by People's Bank. We offered 25 per cent to the public. We were already the market leaders in the sector. We were the first company in Sri Lanka to receive permission from the Colombo Stock Exchange to set aside a specific percentage of the shares on offer in an IPO for subscription by identified investors which predominantly comprised foreign investors. Accordingly, 30 per cent of the shares in issue in the IPO was allocated to the identified investor category. We managed to attract investors from Singapore, London and Hong Kong. Our IPO was the largest for a homegrown company.

Today if you analyse the market we have about 12 foreign shareholders among our top 20. The largest global fund in the world – the Norwegian Fund has also invested in our shares through one of their funds.

We have maintained a very good relationships with all our stakeholders. We have also supported the government and the state sector. We have participated in investor roadshows that the Securities and Exchange Commission and the Colombo Stock Exchange have had in Mumbai, Dubai, Hong Kong and London to attract investors to Sri Lanka. We have contributed substantially towards the development of the capital market and the economy of the country as a whole.

We Were The First Company In Sri Lanka To Receive Permission From The Colombo Stock Exchange To Set Aside A Specific Percentage Of The Shares On Offer In An IPO…Our IPO Was The Largest For A Homegrown Company.

As mentioned earlier, we treat the staff as our best asset and the key to our

success. We are pay masters, probably now the highest in the industry. Our rewarding structures take into account the contribution, marketability cultural fit to the organisation, ability to carry our values, ability to work as a team player and a host of other factors. We have strict policy on re-employing those who have left the services of our company unless of course it was to pursue higher education or professional experience abroad.

Can you tell us about yourself?
I am an accountant by profession. I started my career at Ernst and Young. Then I became an accountant in a state corporation after which I joined People's Bank as a financial officer. It was during this time that People's Leasing was formed and I was seconded to the company. I retired from People's Bank as a Deputy General Manager and continued functioning at this company as CEO and also as Managing Director of the other subsidiary companies.

Future plans?
We are expanding, and expect to reach 100 branches this year. We have introduced many products to the market; margin trading and factoring are two such products delivered over the last two years. We have diversified our customer base. Due to our extensive experience and the brand value, we are able to change our market segments when the time and circumstances demand.

We have different types of market segments in the company; we are able to do this because of our size and our great financial strength. Through the subsidiary companies we have been able to move into diversified areas that clearly support the main company. We listed the insurance company early this year and we expect all other subsidiary companies to grow as well.

People's Leasing is on the verge of commencing operations in Bangladesh. We have already reached an agreement with a few influential partners in Bangladesh to acquire 51 per cent of a NBFI. We will be in charge of the operations and the management of that company where we will have the right to nominate the key positions such as CEO and CFO. Our operations will initially be based in Dhaka, a city that has a population of almost 20 million.

We see huge potential in the Asian region. The financial system, particularly the regulatory framework in countries such as Bangladesh is still not as disciplined as Sri Lanka but they are fast moving in that direction. We are very confident of having a successful operation there in Bangladesh.

On the CSR side we plan to enter into an understanding with the accident service of the National Hospital to maintain and upgrade the accident service for a few years. We envisage our investment on this to be around 100 million rupees within this year.

We are the only company here in Sri Lanka with double international credit ratings. We have been maintaining the S&P and Fitch International rating for the last few years. And we are also amongst the S&P Sri Lanka index of the Colombo Stock Exchange which is a considered as a great achievement.

This is not the end of the road for us. We will continue to grow and create value for all our stakeholders.



