Customer Convenience At The Forefront



Sampath Bank is one of the strongest and best performing banks in the country. A relatively young player in the sector Sampath Bank has been able to grow in strength and stability over the past two decades. Aravinda Perera, Managing Director has been at the helm steering the Bank through difficult times by focusing

on customer convenience, innovative products and information technology. He speaks about the progress of Sampath Bank and says that the Sri Lankan customer has to be more demanding so that banks introduce the best products.

By Udeshi Amarasinghe | Photography Mahesh Bandara and Menaka Aravinda

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Can you tell us about the performance of Sampath Bank?
We have done extremely well. From 2012 to date we had an extremely good performance. In 2013 there was an issue with regards to the gold backed loans, but since then we have increased our profitability, improved our credit quality substantially. The Asian Banker selected us as the best managed bank. Our bottom line, top line, business volumes, non-interest income have increased and our non-performing advances are the lowest in the market.

Our balance sheet has grown. Last year we made a substantial profit of over 6.4 billion rupees, which will increase this year as well. The balance sheet is very strong because of the high credit quality of our portfolio. These are some of our achievements.

Sampath Bank has increasingly become more customer-oriented over the past few years, can you comment on this?
It is the customers that pay even my salary, it is no one else. We want more customers to come to us. We have two sets of customers, one that has been with us for most of the last 29 years and the other, the new customers who have first observed what is happening before making a decision. We are extremely happy that we have had customers who have stayed with us for a long period of time. That is the backbone of our strength. New customers from Sri Lanka and overseas continue to come to us.

Can you elaborate on the main strategies that the bank focuses on?
First is the growth of our business volumes, which is very important. Secondly, the quality of our credit portfolio, thirdly non interest income and fourthly customer convenience that we have brought through IT and innovation.

SME has a significant role to play in our business. We believe that retail customers including SMEs give us a better return than corporate customers. This is why a branch network is needed. About seven years ago we had only 100 branches, and today we have more than doubled that number and we have 226 branches around the country. We believe that a strong presence is important to our future. We are strong in the corporate segment as well, however that will change as retail will take over. We have a good imprint in the country and that will improve in the future.

Sampath Bank has always supported the exporters of this country. What can you tell us about this?
A country needs both imports and exports but banks in the past have not really focused on the exporters. During this year, I instructed my staff to support the exporters. Generally when there is a problem in overseas markets it affects our exporters. For example if you take tea, when Russia and Middle East were experiencing instability, we had problems too. Our apparel industry was affected by issues in the US and EU. But by and large we can be happy in the way that Sampath Bank has supported exporters in the past. In fact this year we have given concessions in terms of preferential fees for our exporters to come to Sampath bank and do their banking because we believe that this is a sector that needs much attention.

What about personal banking?
Convenience is a factor that we always thought should be given to personal banking. That is why we keep banks open till late and work on Saturday and Sundays. Through ATMs and with the use of Deposit Kiosks we assist our customers. We may not be that strong in personal loans however we are very strong with credit cards. Therefore we have focused on personal banking, especially for professionals.

Can you elaborate on the expansion of the network and also the reason behind the introduction of the super branch?
At the time we had established 100 branches, we found that even though our franchise was strong we did not have a presence in the rural markets. We went from 100 to 200 branches perhaps in three years, because we wanted to make sure that wherever the bank was needed we had a branch. In certain towns we have more than one branch, such as Kandy, Galle, Matara and Ratnapura.

Customer convenience is a factor that we are always proud of. We were the first to introduce the ATM, payment gateway and Visa and MasterCard. In this way we have

provided facilities to ensure the best for the customer.

With the super branch concept we went a step further. We realised that in Colombo people come to work early and leave late. If they wanted to do banking they had to come when the bank opens at nine o'clock. There was a gap. We decided that we will open the super branches at seven in the morning and keep it open till eight or ten in the night. After your work you can go and do your banking. We opened it on weekends and all holidays. We have about twelve super branches in the country right now. We will be expanding this further in the future.

Will Sampath Bank be looking at opportunities to venture overseas?
We have been a shareholder of a leasing company in Bangladesh for more than 15 years and it has done very well. The results have been brought back to Sri Lanka, much more than we invested. We have a nine percent hold in that company.

> **It Is Unfortunate But Sri Lanka Is Not A Good Place For Savings. Per Capita Savings In This Country Is Probably Less Than India And Some Parts Of Asia.**

We are also looking at Myanmar. We believe that they have potential. With that in mind we set up a representative office in Myanmar. It's too early as Myanmar is in a period of change and new regulations are being introduced. We are watching the situation and when the time is right and we believe that we can make profit we will definitely make the move. Those are the plans right now.

What is the trend you see today with customers in relation to long-term saving?
It is unfortunate but Sri Lanka is not a good place for savings. Per capita savings in this country is probably less than India and some parts of Asia. I would not know the reason but that definitely has an effect on Sri Lanka's development. Sampath Bank has done quite well in savings. From the beginning we attached our savings account to other products such as the SET (ATM) card and various other loan products.

We do everything that is possible to inculcate the saving habit of our country. With that in mind we have gone in another direction. For the past eight to nine years we

have been conducting grade 5 scholarship preparation seminars with a renowned teacher around the country. This year too we will have about eight such seminars free of charge. We will speak to about 25,000 Grade 5 students and their parents and talk to them about the benefits of saving. But as a banker I am still not happy with the amount of savings we make for a year.

There was a certain perception about Sampath Bank, how were you able to overcome this?
It took a long time. The real test was when we went to Jaffna. Before we went there we had to explain as to why we wanted to open a branch in Jaffna. We probably gave the right answers, because up to now the highest number of deposits on the first day of opening a branch in the last 29 years has come from Jaffna. I believe that we really blended with the culture of North and East, which gave us very good results.

> **I Have A Strong And Able Management Team, And I Have 4,000 Staff Members Who Are Always With Me. They Have Been A Tremendous Strength When Running The Bank. We Have A Very Young And Committed Team That Is Loyal To The Bank.**

The reception we received from Jaffna town was heart warming. And, we broke even in seven months, which I believe was the main indicator that there has been a change in the perception in the minds of the people. We are a truly Sri Lankan bank.

Sampath Bank has to compete with two established banks, what can you say about this?
We are at a disadvantage because they have been operating for a very long time. Therefore what they have built up over the years we do not have today. When you try and get closer to them they get further away. I believe that competition is healthy and competition between banks is a must. That’s the only way Sri Lankan society in general will benefit. When we compete with each other, the benefit finally goes to Sri Lanka as a whole. That is a good thing for the entire country.

You have a Board with a very diverse group of members, how has this been a support to you?
It is good to have people with different experiences on the Board. They bring in viewpoints to the bank that provides us direction. Our chairman and Board advise

us, they are always supportive of the bank. But at the end of the day I have to run the show and make sure that the Board's expectations are met. I have a strong and able management team, and I have 4,000 staff members who are always with me. They have been a tremendous strength when running the bank. We have a very young and committed team that is loyal to the bank.

With the changes in the global environment what can you tell us about the strength of the banking sector here in Sri Lanka?
The world went through many crises; the US crisis, Asian crisis, issues in the EU, Russia and Middle East. But our banking sector has been very resilient. We have not seen global issues affecting our operations in this country. This is partly because Sri Lanka has stringent regulations and our regulator is very strict. This is something we can be very proud of. We comply with Basel II, the new accounting principles, and we always try to work within the framework set by the Regulator.

> **Banks In Sri Lanka, Especially Sampath Bank, Take Our Regulations And Guidelines Very Seriously And We Ensure That We Comply With Them All.**

We have to adhere to regulations simply because we are dealing with public money. The entire banking balance sheet is not about equity, it is about the depositor's money. Therefore, we need to make sure that the deposited money is well taken care of. As long as you do that whatever happens whether it is in Sri Lanka or overseas it will not matter much.

Banks in Sri Lanka, especially Sampath Bank, take our regulations and guidelines very seriously and we ensure that we comply with them all.

What is your background?
I started my career as a Chartered Mechanical Engineer. I am also a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Institute of Bankers. I have a Masters Degree from PIM. Therefore, I am qualified in three different areas. I worked for Ceylon Tobacco Company, DFCC and now Sampath Bank. I have been here for the last 28 and a half years and seen the start, seen the good times and bad times and was appointed to the Managing Director's position in 2012. It was a challenging time, I feel that I have brought the bank to a reasonably

good state of health and profitability.

Future Plans?
We believe that there is still room for growth within the country and we continue to increase our market share. The reason why we went to Myanmar is because we believe that if we don’t we will be restricted by the growth of the Sri Lankan market.

We are aware that with new technology people in the future will not require a brick and mortar branch. They would like to do their banking through the internet and via electronic and mobile devices. We have developed the necessary products and services platform for meeting these customer’s expectations. We are known as the most innovative bank and most technologically advanced bank. We will continue to focus on these products in the future as well to make sure that we out do others when it comes to technology.

The customers in Sri Lanka should be demanding. It is only when the customers are demanding that banks will introduce new processes, products and services. They have to push us to come up with something better than what we have done today.

I thank our customers who have been with us for all this time. I need to ask those who are not banking with us to come and join us to experience traditional Sri Lankan warmth.



