



MBIE2303-8281-1

BUSINESS PROFESSIONALISM

ASSIGNMENT 2

**“PROPOSAL FOR THE MOST SUITABLE STRATEGIC PLAN FOR A
BUSINESS OPPORTUNITY BY TRANSFORMING DFCC BANK PLC TO A
DIGITALLY ENABLING BANK”**

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1.0 Cover Letter

To Board of directors,
DFCC Bank PLC.

Dear Sirs,

We are in to business consultation services with a specialized capabilities of providing corporate suggestions relating to financial services. We have a strong reputation for providing strategic solutions and directions to our clients, focusing the external sensitive market behaviors and optimize the maximum sustainable options and aligning to your current business objectives in a projected measure.

The intention of DFCC Bank is to be the most customer centric bank through digitalization by improving customer interaction and experiences, and enhancing staff productivity. The pandemic was a time of momentous change where the digital channels reached their highest level of adoption, customers switching to online channels due to mobility restrictions. The bank was able to proceed in this manner with the internal capabilities since the DFCC group had SYNAPSYS as a subsidiary to provide IT service solutions which was a blessing and a strength for this transformation.

Beside the fact that all the banks transform their banking interfaces and operations in to digital platforms to ensure to maintain customer uninterrupted services, all the banks were compelled to innovate their IT services by introducing automation, robotic processes, and digitalization. DFCC Bank was unable to adopt proactively and effectively to reach the competitor over edge in digital services due to the semi automated systems and manual processes which did not contribute to the novel expectations to provide Financial Technology (FinTech) solutions. There is proven evidence where the bank has reached the net profits in a fluctuation nature instead of an incremental trend (*Table 1*).

LKR Mn

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total income	10,481	10,394	26,754	35,942	39,154	43,297	43,300	42,649	73,008
Profit before income tax	3,211	3,771	4,414	5,792	4,233	2,989	3,398	4,326	2,439
Income tax expense	623	531	1,125	1,377	1,464	915	1,010	1,105	(74)
Profit after tax	2,587	3,240	3,289	4,415	2,768	2,074	2,388	3,222	2,513

Table 1 : Profit after tax behavior from 2014 – 2022 at DFCC Bank

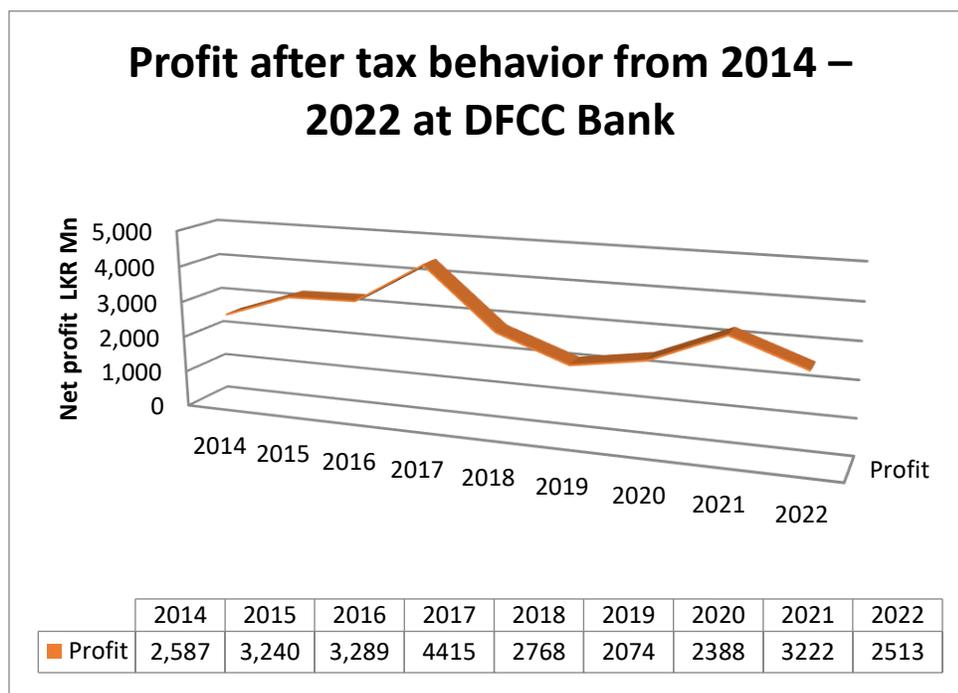


Figure 1 : Profit after tax behavior from 2014 – 2022 at DFCC Bank

Enabling to reach a incremental net profit growth in the up-coming years as a business long term strategy to a comprehensive strategic plan to **transform the entire banking operation, processes and procedures in to a fully fledge digitally enabling bank by 2025** being suggested for implementation as appeared in the following business plan.

Thanking you,

Yours faithfully,

Business Consultant

2.0 Background and Introduction

DFCC Bank is a fully fledged commercial bank which in operation more than 67 years, it has a branch network of 139 branches by providing diversified banking solutions and services for value creations and sustainability. In this study the bank has four major long term strategic objectives as per the strategic three pillar diagram (figure 2) and the strategic direction is identified to be the fully fledged digitally enabling bank in 2025.

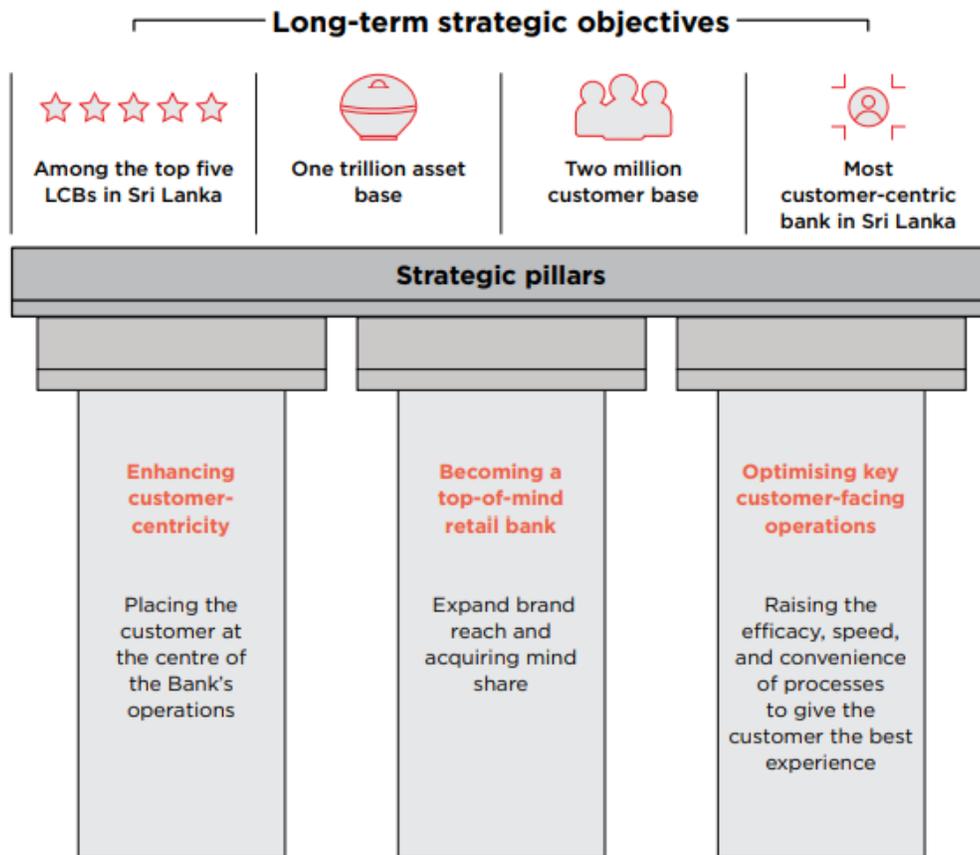


Figure 2 : Strategic three pillar diagram

This digital strategy has three fold intentions subsequent to the implementation focusing on,

Improving customer interaction and experience through modern banking based on digital technology

Enhancing staff productivity through process efficiency and making their work easier

Contributing towards environment attributes by paperless banking

3.0 SWOT Analysis

In order to capitalize on internal strengths and identify the external market opportunities to overcome internal weaknesses by critically analyzing the external market threats. A SWOT analysis was conducted based on disclosure of bank's provided annual reports and critically reviewed the prevailing market conditions in Sri Lanka with statutory information (Puyt et al., 2020).

STRENGTHS

Bank retain with a A+(LKA) through Fitch rating in 2022 with a sound financial stability along with professional, friendly multi talented and skilled staff comprehensive knowledge over project lending along with complex evaluation and lending capabilities with hands on experience. DFCC Bank is recorded as the first development bank incorporated in Sri Lanka in 1955 under act of parliament and now being in operation as a fully fledged commercial bank since 2003 with 139 branches spread island wide. The bank has a diversified subsidiary network with financial discipline within the DFCC group identified as DFCC consulting (Pvt) Ltd for consultation activities, Acuity partners (Pvt) Ltd with investment banking, corporate finance, and with debt structuring and proceeding with internal public offering (IPO). Further being an associate company named as National Asset Management Ltd. (Namal) defined as a licensed unit trust and investment management Lanka Industrial Estate Ltd operating as a Industrial estate and “SYNAPSYS” operating as a subsidiary with the principal activity of information technology services and IT services. Further the bank holds a strong reputation based on ethics and trust with continuous improvement in customer relationship management (CRM) with business intelligence (BI) with more data driven relevant to research and surveys {DFCC Bank annual report (2022)}.

WEAKNESSES

The bank has identified the gaps in speed of service compared to competitors and hesitant for risk and processes and procedure are functioning in a bureaucratic nature (Kou et al., 2019). Most systems are less agile and the bank’s vision needs to be educated among employees in deeply embedded nature across the entire organization irrespective to the employee’s status. Sub optimal organization structure is prevailing with communication gaps between layers of staff and due to lengthy processes and approving procedures staff dissatisfaction leads to staff turnover considerably.

OPPORTUNITIES

Ability to obtain on an advisory measure enabling to select segments capitalizing over 67 years of experience. Further expertise in niche areas such as solar financing and technological driven projects (Wang et al., 2021). The bank has the ability to explore further synergies with their own subsidiaries and affiliated companies. Further capabilities are retained to enhance value potentially compliments of digital and customer centric offerings. Multi talented and skilled staff who are positioned in senior management level with the capability of sharing experience and providing advisory to the subordinates.

THREATS

Rate of industry disruption experiencing continuously and most space for the established banks to proceed and cater digital services (Wewege et al., 2020). . Further bank is not recognized for providing commercial/retail banking in the market. Non-banking financial institutions (NBFIs) have proven evidence that they encroach DFCC's turf seeking their business opportunities (Madusanka, K. A. E., & Kumari, 2021). Further threats denotes that tighten regulations leading to increase requirements by Central Bank of Sri Lanka (CBSL). High volatile foreign currency exchange rate and higher interest rate, financial constraints on repayment disturb the granting advances to the customers. Import restrictions and business losses experience due to Pandemic resulted unexpected cash flow deficit.

4.0 Strategic Plan with SMART objectives

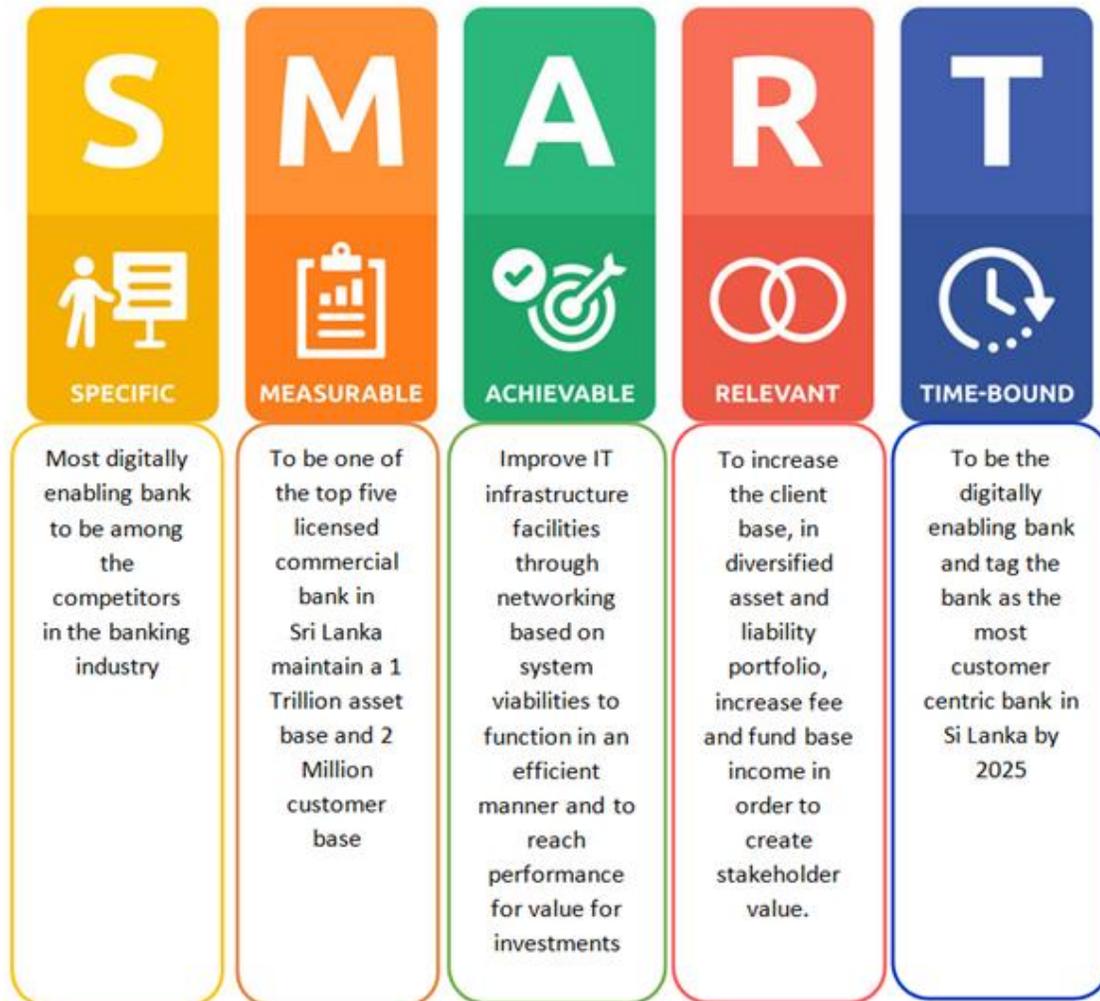


Figure 3 : SMART options

4.1 Identification of strategic opportunities for fully fledged digitalized banking at DFCC Bank

“The strategic planning unit” of DFCC Bank has the key responsibility on continuous basis of improvement to develop the best IT infrastructure services to provide uncompromised objectives to leverage its legacy of trust and resources to provide seamless experiences to their customers being the most customer centric and digitally enabling bank in the financial industry. On rapid customer needs and wants towards banking service needs to embrace rapid

technology advancement continuously provide digital services by transforming the traditional banking to digital banking (Kitsios et al., 2021). Network administration, information security, information standardized best practices, and financial technology (FinTech) innovations need to ensure that the digital services (*Figure 3*) are fully entrusted {DFCC Bank annual report (2022)}.

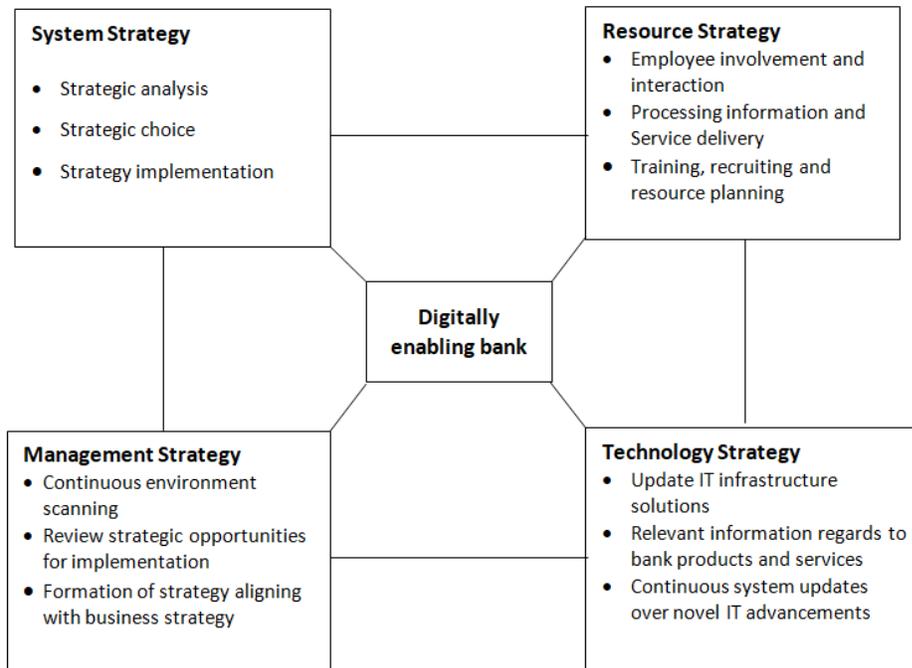


Figure 4: Earl's Digital Information Strategy Model for the DFCC Bank

4.2 Strategic thrust and strategic target for opportunities through digital information systems

In current context DFCC Bank performs the routine banking transactions in a semi automated platform with the competent staff. Therefore more streamlined and customized total digital services need to build-up the capabilities for banking services which is not yet experienced in a wide spread nature. The state-of-the-art relating to core banking system therefore much needed to develop with the core banking function system to ensure customer's business will complied with the bank's own systems such as business-to-business (B2B) system and business-to-customer (B2C) system (Kraus et al., 2021). Managerial expectation is to proceed with total

digitalization towards sustainability on inter related banking functions to proceed mutually and reinforcing cross banking functions in a multiple and sophisticated nature (Figure 5) {DFCC Annual report (2022)}.

		Strategic Target		
		Employees	Customer	Competitor
Strategic Thrust	Differentiation	Less staff involvement with high process efficiency	Convenience banking without visiting branches	Difficult to plagiarize the similar processes and service
	Cost	Less cost on salaries and overtime and incentive payments	Low transactions cost, time cost and opportunity cost	High cost involved for implementation similar service application
	Innovation	Continuous innovation with new service level improvements	Services could be obtained with modern high tech features	Difficulties for capturing the existing innovative system features
	Growth	High growth due to low operational cost and innovation	High potential with lesser search cost	Less growth due to diminishing market share
	Alliance	Acquisitions with significantly low market share banks	No impact	High tendency Alliance for new revamping.

Figure 5 : Framework for identifying digital system opportunities

The CBSL introduced a regulatory framework on technological risk management in 2021 as and resilience for a set of minimum regulatory requirement the components of this framework was focused to drive the banking operation through FinTech innovation from traditional banking to Virtual banking, open banking, peer-to-peer lending, and digital currency transaction formation (Vučinić, 2020). The regulatory framework emphasized is the key functional aspects as technology risk management, information security, information system availability along with disaster recovery. The third party infrastructure IT supporting usages such as, Cloud computing, with the proof of concepts (POC) on Know Your Customer (KYC) data sharing to be entrusted by

competent staff ensuring compliance with international standards (Vijai et al., 2020). Further in 2021 CBSL formatted and completed the process relating to block chain technology by developing and testing based on shared KYC. As per Parra-Moyano et al., (2019) the technology based KYC process was to evaluate over the potential for improving customer experience and improvement by lowering operational cost and reduce the operational risk of the participating. The main challenge was to precede the system on user friendly and secured designing to encourage customers to used digital financial services and improve the accessibility towards financial services by building confidentiality, and avoid resistance to change. The block chain technology was a pioneering national project officiated by Central Bank of Sri Lanka (CBSL) to enhance the participation and enjoy the usage benefits by the participating banks voluntarily thereby collaborating and exposing in to the modern banking through information technology advancements (Ananda et al., 2020).

CBSL has a supervisory control mechanism over licensed commercial banks and supervisory technology (SupTech) has improved and therefore DFCC Bank needs to implement compatible sophisticated SupTech systems enabling to proceed with data analytical capabilities for advanced data reviews initiating from unstructured data sources to facilitate collecting such information, validation for information reporting (Saldanha de Azevedo, 2020). Therefore DFCC Bank is obliged to introduce business intelligent tools which will enable generating supervisory insight in an accurate and timely manner for early warning signals upon visualizing of data. The bank supervision division needs to conduct periodic reviews with proper testing for institutional advantage with the IT service department for FinTech related transactions to avoid non-compliance charges and penalties (Dharmadasa, 2021).

DFCC Bank being a licensed commercial bank needs to utilize artificial intelligence (AI) matrix. To support the entire banking system to generate supervisory insight from public and non-public unstructured data enabling to extract the current information over the sensitivity and accurate compliance decisions(Königstorfer, F. & Thalmann, 2020). In 2020 CBSL introduced a FinTech “regulatory sand box” with an objective to encourage and promote with high efficiency and increased access to financial products and services intending to provide a safe space for selected innovators enabling to test their products and services where the same will not fall in a

risk of infringing on regulatory requirements (Goo & Heo, 2020). Hence DFCC Bank has a duty bound commitment and tests the software formalities that the functionalities will perform in a required compliance platform and it'll provide vital and viable information when it performs in extreme conditions.

4.2 Strategic plan : implementing a digital platform by enhancing value proposition replacing existing key banking functionalities

Critical Functionalities	Prevailing functionalities at DFCC Bank	Value creations subsequent to the implementation of digital platform
Call centre operation	<ul style="list-style-type: none"> ✓ Customers frequently contact through call centre agents to obtain products and service information ✓ Significant inbound calls receiving to call centre on 24/7 basis and providing accurate information will be distorted depending on the agent competence. ✓ Agents need to work additional hours in order to maintain call centre service level standards and assign additional agents to avoid breaching SLA requirements thereby incurring staff cost, overtime, and additional payments. ✓ Lack agent's competency and lack of accountability in providing information and solution for 	<ul style="list-style-type: none"> ✓ "Chatbots" and robotic processes to provide customer required information on accurate, relevant and update nature. ✓ Segregating customer complaints and queries over business leads and forwarding in an automation platform to the relevant strategic units for solutions and responses. ✓ Automation of activating customer user profiles based on online banking services. ✓ Deactivation of credit/debit cards for lost and stolen complaints through an automated platform. ✓ Activation of internal staff members user profiles based

	<p>customer queries.</p> <ul style="list-style-type: none"> ✓ Customers to be in long call waiting queues due to high volume of inbound calls and call traffic (Feinberg et al., 2006). 	<p>on secured platform (Gerbert et al., 2017).</p>
<p>Trade Finance operations</p>	<ul style="list-style-type: none"> ✓ Establishing letter of credits and monitoring expiry dates in an excel file manually to reverse the contingency liabilities in the balance sheet. ✓ Monitoring the bank guarantees over the expiry dates through a manual proceeding. ✓ Generating manual reminder notices for expired bank guarantees and due settlements for trade service facilities. ✓ Manual reconciliation relating to foreign currency position reporting and settlement. ✓ Reporting currency position to the treasury department through the Google platform with delegated authority (Anon, 2019) 	<ul style="list-style-type: none"> ✓ Automating the Letter of credit maturities and automating the ageing matrix for close monitoring in currency positions for onward reporting to Central Bank of Sri Lanka thereby improve the turnaround time and enhance transaction visibility by mitigating operational exchange risk. ✓ Robotic process Automation to identify expired bank guarantees and forward automated reminders to the applicants. ✓ Automation to monitor blacklisted customers, sanction goods relating to incoterms prior to establishing letter of credit with early warning signals while eliminating the manual review human interaction (Anon, 2019)

<p>Customer onboarding and virtual onboarding for account opening and maintenance</p>	<ul style="list-style-type: none"> ✓ Walking customers to be interviewed face-to-face and collect customer identification documents, document verification and AML, KYC and required documents in a physical nature. ✓ Human interaction for customer interview and consuming a considerable time for account opening procedures (Grasbek, 2021). 	<ul style="list-style-type: none"> ✓ Customer virtually on boarded and eliminate the requirement of physical appearance. ✓ RPA uses computer vision (CV) and Intelligent optical character recognition (OCR) to gather the pertinent information from the consumer and verify his identity as stated in the application form. ✓ Automation process will enhance the customer's identification details through the relevant authorities (immigration department, Inland revenue department, credit risk rating agencies) instantly check their credibility and verify identification. ✓ Customer risk evaluation will be automated for rating the client risk for close monitoring and eliminate non- due diligent clients to the banking system. ✓ Customer account opening accounting details are being stored in a digital platform thereby reduce the retrieval cost (Vijai et al., 2020).
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<p>Anti money laundering (AML), Know your customer (KYC) profile and customer due diligence</p>	<ul style="list-style-type: none"> ✓ Risk evaluation is done on personal judgment instead of a redefined standardize procedures. ✓ Customer unique identification will mislead by creating multiple accounts and expose the bank to a compliance risk and legal risk (Leonov et al., 2019). 	<ul style="list-style-type: none"> ✓ Customer profile evaluation is done through the standardize automation systems by eliminating manual interactions where the judgmental decisions taken through logical parameters complying to the international AML risk guidelines (Kingdon, 2004).
<p>Bank reconciliation and reporting procedure</p>	<ul style="list-style-type: none"> ✓ Manual reconciliation done through competent staff in semi automated basis and taking and required a considerable time for decision making. ✓ Probability of human errors and omissions leading to inappropriate decisions. ✓ Lack of competent staff for reconciliation preparation by providing misinterpretation and distorting the concept of financial reporting in a “true and fair” view concept (Ahmed, 2016). 	<ul style="list-style-type: none"> ✓ RPA bot will provide highly accurate reconciliation outcome for proper decision making and it can be taken by relevant strategic business units for appropriate usages for multi task purpose. ✓ The reconciliation process will eliminate the processing steps compared to the manual procedures and timely and efficient information can be delivered upon tailor made requirements. ✓ External information and statutory information can be collaborate and analyze through artificial intelligence (AI) mainly focusing on projections and

		<p>thereby the bank can improve the strategic planning with business strategy to ensure the financial sustainability.</p> <p>✓ ChatGPT will articulate standard deviations and provide future business opportunities or can reach risk concerns relating to the financial industry and bank can proceed with remedies to obtain the best practice among competitors (Iyer et al., 2019).</p>
<p>Customer loan evaluation procedure</p>	<p>✓ Comprehensive and complication efforts to be imposed manually in order to evaluate customer’s credit proposals for effective evaluation.</p> <p>✓ Considerable time consuming for credit proposal evaluation</p> <p>✓ Lack of competent staff for credit proposal evaluation as a specialized job.</p> <p>✓ Considerable time and effort taken for post monitoring of credit facilities based on semi auto systems and internal procedures (Gichoya et al., 2014).</p>	<p>✓ Artificial intelligence will process the loan applications by providing credit risk default risk and interest rate risk accordingly and the bank can proceed the applications through “work flows” by forwarding the same through approving authority.</p> <p>✓ RPA process will facilitate to mitigate credit risk with additional financial commitments from the borrower to ensure financial standards and impairment requirements relating to cash flows (Chakraborti et al., 2020)</p>

<p>E-statements, SMS alerts and virtual transactions</p>	<ul style="list-style-type: none"> ✓ Posting monthly bank statements to the customers for transaction evidence and for customer reconciliation purpose. ✓ Customer has to wait until end of the month to review the transaction activities and do any rectification for the erroneous transactions. ✓ Customers have to visit the branch to request in writing to process transfers (RTGS/CEFT/SLIPS) and utility payment. 	<ul style="list-style-type: none"> ✓ E-statements will replace the timing gap and paperless process and reduce the statement paper, printing and postage cost. ✓ SMS facility provide instant transaction evidence and customers could be alerted on fraudulent transactions and can mitigate by instant reporting through RPA system. ✓ In the RPA system the fund transfers and utility payments could be processed through your own electronic devices 24/7.
<p>Cash management and transaction privacy</p>	<ul style="list-style-type: none"> ✓ High volume of physical cash been transported exposing security and privacy exposures. 	<ul style="list-style-type: none"> ✓ Digital online transactions can process instantly with real time value maintaining privacy avoiding security threats (Robbery).

4.3 Positioning the DFCC bank after the strategic implementation utilizing the Porter's generic strategy

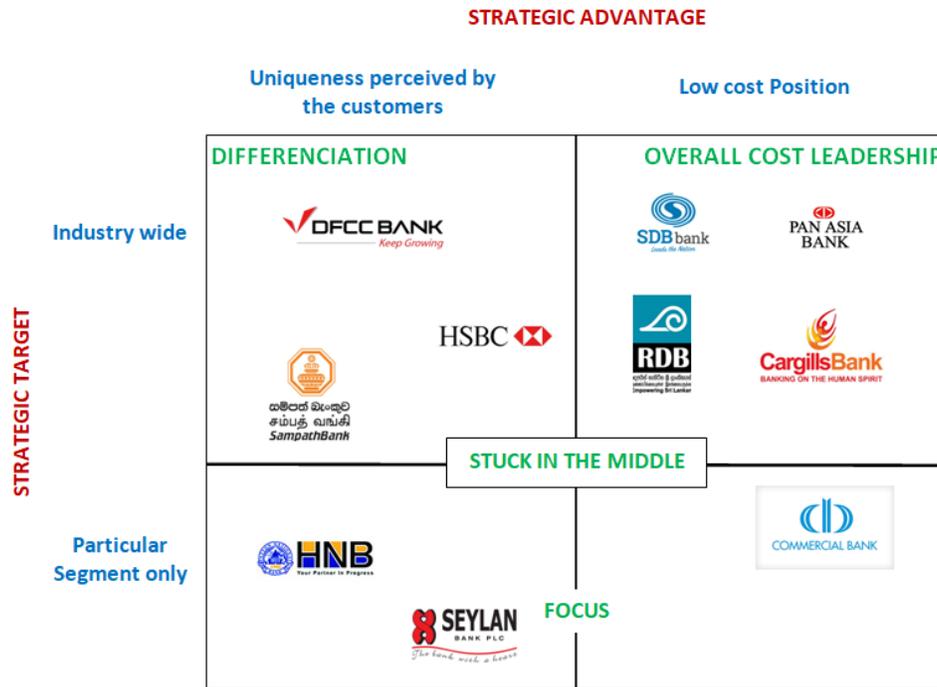


Figure 6 : Porter's Generic Strategy on implementation of Digital system

This Porter's generic approach (Figure 6) demonstrates how there is a market for "differentiation focus" on enhancing digital services that are high in quality but affordable. Further research is required to determine the viability of a fully fledged digital IT service that would target a market position with few, if any, competitors and financial sustainability (Meek & Meek, 2001). Due to the quick changes in the competitive environment in turbulent nature, there is a significant barrier for particularly for the banking sector. As a result, the strategic seekers and stakeholders are finding it difficult to survive in the market. Porter demonstrated, it is essential to adhere to a competitive generic in order to acquire a solid competitive advantage where the competitors (other banks) will not be able to instantly reach the differentiation component. The DFCC Bank therefore needs to continuously review the advantages and insights by implementing the digital services and review the competitor driven similar services for a continuous innovation to attract and retain and improve the client base (Ali & Anwar, 2021).

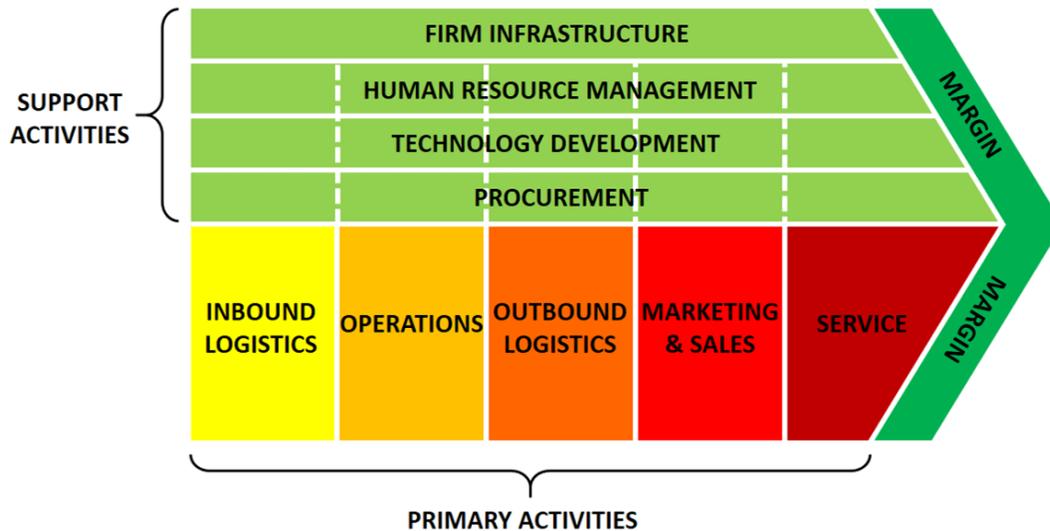


Figure 7 : Porter's value chain (1995)

The bank needs to coordinate with the internal support services along with the external service providers with a cultural behavior collaborating with the business stakeholders with mutual communication to drive the banking strategies in a cross functional matrix through the bank supportive services (Figure 7). A cordial relationship and process driven culture in the bank will enhance the routine activities with maximized and effective resource allocations (Zhao & Mao, 2020)

Based on the strategic business plan and "Ansoff matrix theory" (Figure 8) is considered based on the growth strategy where the bank aims to introduce the digital technology in to the financial industry to interact and capture the market share as a new product where to place in the existing financial market with sophisticated and innovative digital banking services and solutions (Chintalapati, 2020). This strategy helps the DFCC bank to identify opportunities by understanding customer's IT requirements relating to their financial banking needs, and planning accurately with the product designing with IT solutions. The bank needs to manage their own resources to increase the rate of success by creating new values to their existing customer. The features and functionalities in IT services on acceptance will be able to attract new clients depending on word of mouth and customer recommendations (Nanchengwa, 2020).

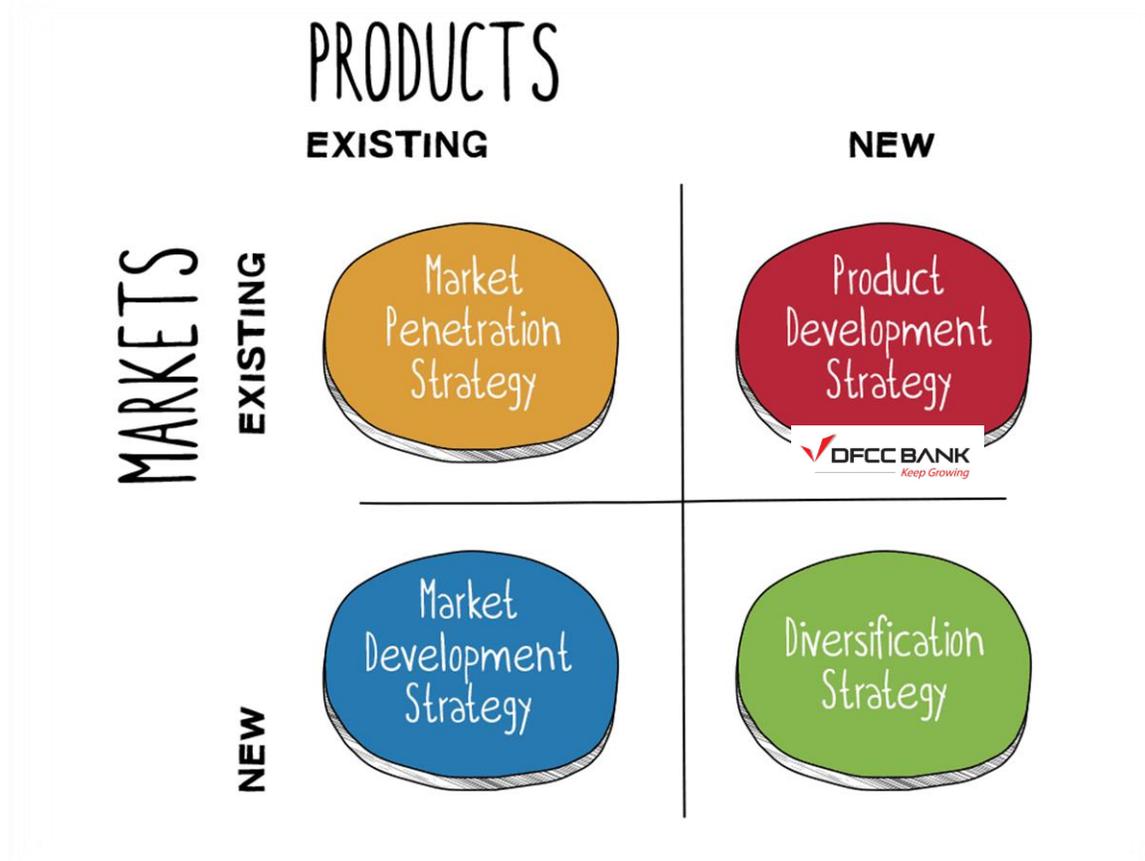


Figure 8 : Ansoff Matrix applied to the DFCC bank

4.4 Central bank directions and supportive measures for automation and digitalization

Electronic money is the significant component in FinTech driven by challenges in inherent nature on digital currencies. As banking and finance operations activities perform by general public, digital currencies/crypto currencies and central bank digital currencies (CBDCs) are noted and make a sizable decentralize network of computers, block chain technology powers and protected encryption. Since the FinTech industry is in the introductory stage in Sri Lanka and enhancement is rapidly changing in volatile nature in the information technology industry. International standardized practices and frame works needs to be effectively deployed within the DFCC Bank concentrating on cost structures, IT competency, IT literacy and resistance for change in transformation in Sri Lanka.

Nevertheless, digital currency activities, international settlements and reconciliation are surpassing traditional banking and financial transactions. With upcoming Port City of Colombo also known as “Colombo International Financial City”, a project influenced by the harbor engineering company and funded by consortium investors to complete in the upcoming two years which will be an international hub with international financial district with special legislation, with premier residential, retail and business spaces and influx of multinational companies. Depending on this opening, digital transactions and reconciliations, information security and confidentiality, technology risk management, disaster recovery along with third party infrastructure, including cloud computing will be involved with IT and FinTech platform to ensure financial system stability.

4.4 Prevailing evidence for incremental usage of digital banking services in financial market in Sri Lanka

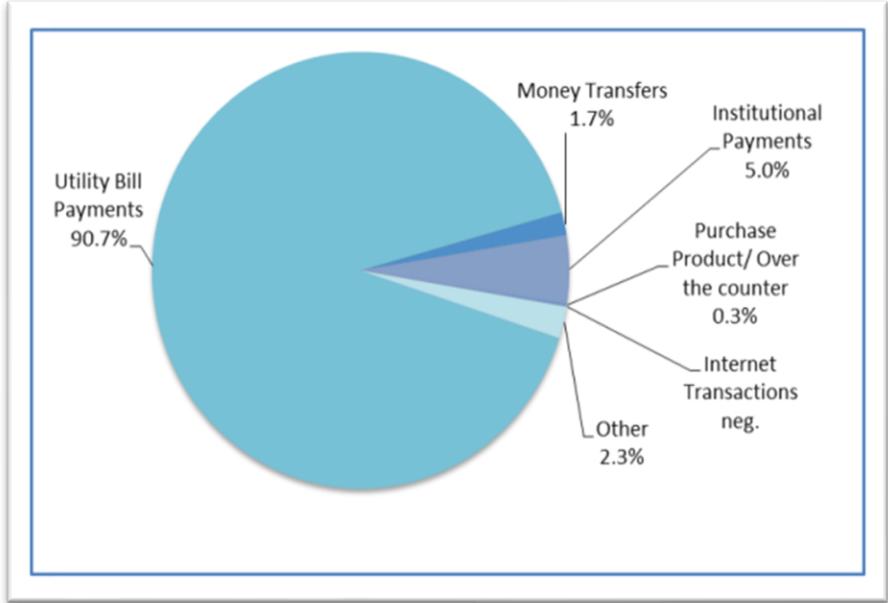


Figure 9 : Composition of e-money transactions in Q2 2022 (in value terms)
(Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

The *figure 9* represents the information relating to digital based transactions reported through the entire banking industry as of 2nd quarter 2022. These figures are given in volume terms on payments systems relating to account information, subscribing for financial products and services by performing through own accounts and third party fund transfers and utility payments. 90.7% ranks the first for utility bills payment makes the more sensible approach capitalizing the digital transaction benefit driven by less time cost, transaction cost, and convenience for the customers.

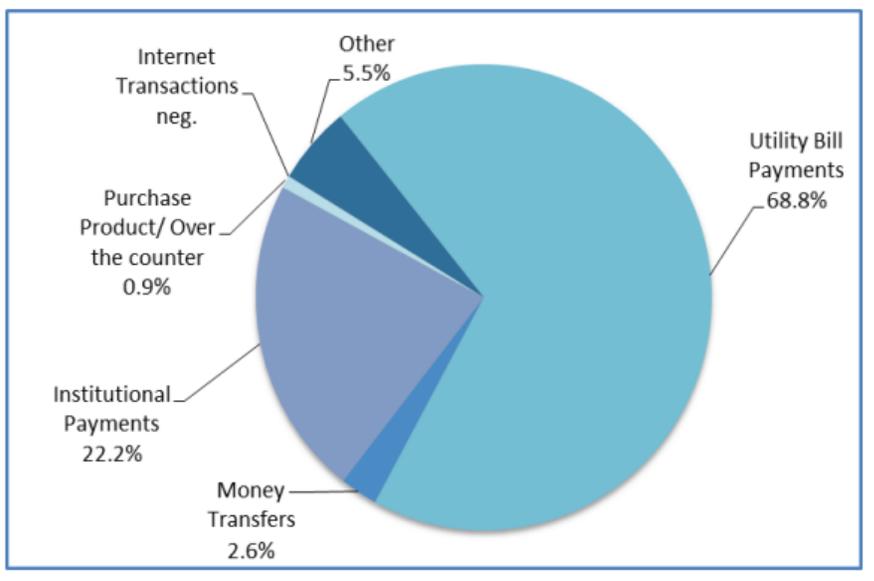


Figure 10 : Composition of e-money transactions in Q2 2022 (in value terms)
 (Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

As per *figure 10* value terms represent in the same position as of Q2 2022 denotes a similar trend where the utility bill secured 68.8% according to the total transaction value based on the same reporting position as of 2^{ns} quarter 2022.

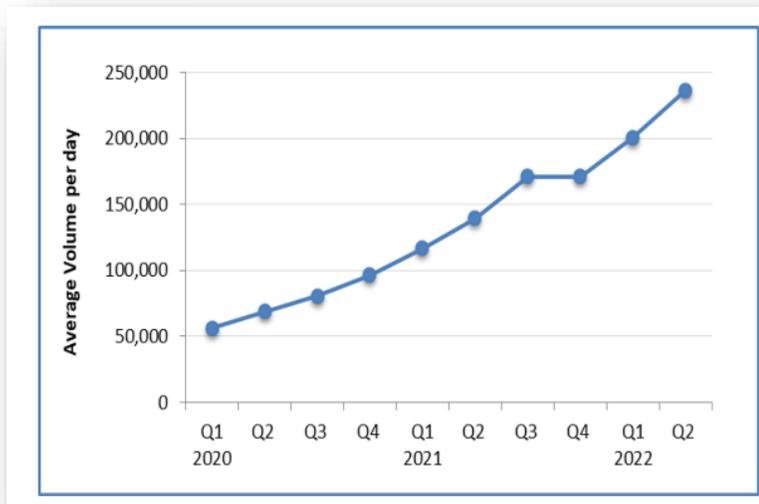


Figure 11: Average volume of Common Electronic Fund Transfer Switch (CEFTS) transactions per day
 (Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

The *figure 11* represents the online real time payments processed as CEFTS transactions and this digital transaction platform represent a incremental trend in terms of transaction volume from 2020 to 2nd quarter of 2022.

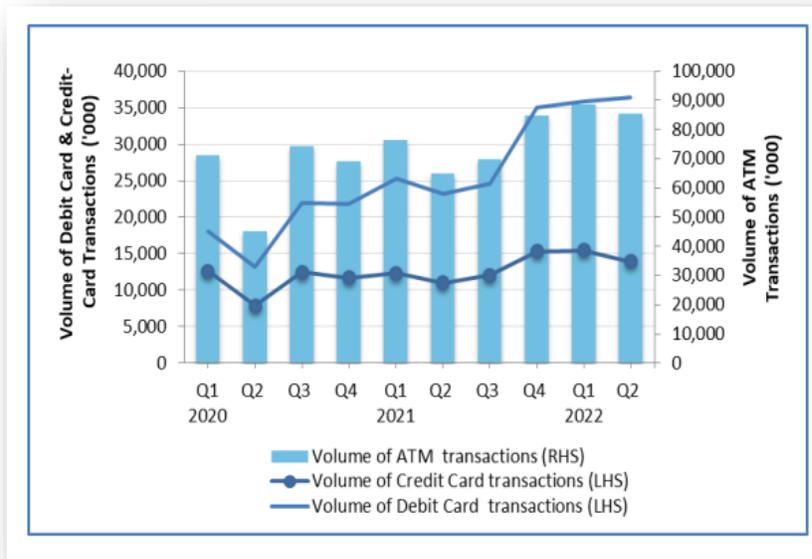


Figure 12: ATM cash withdrawals and payments effected through debit and credit cards
 (Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

In *figure 12* represents the card infrastructure payments through ATM operations where the digital transactions where it is facilitated for withdrawals, balance inquiry, cheque book requests, fund transfers, utility payments and change of personal Identification number (PIN) and proven an incremental trend considering the same time duration.

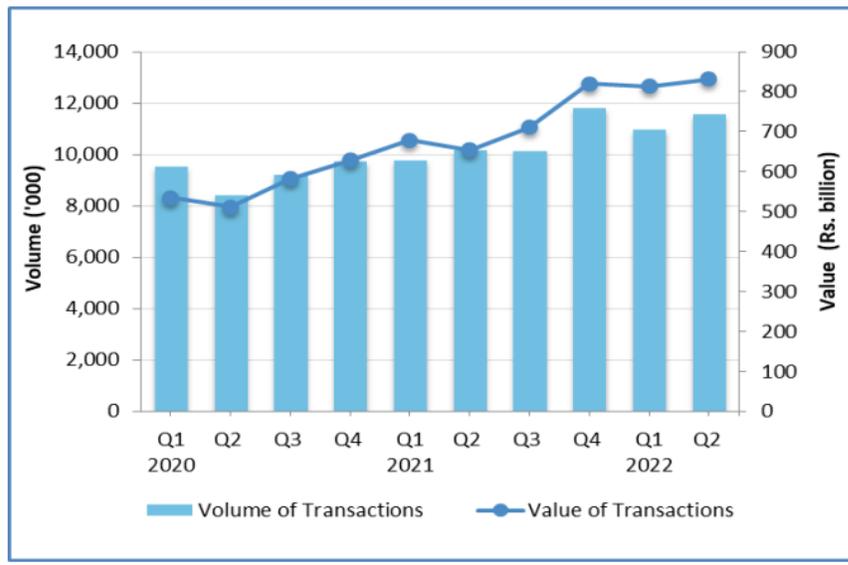


Figure 13: Volume and value of SLIPS transactions
 (Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

As per the *figure 13* represents the similar digital transactions relating to Sri Lanka Inter-bank Payment System (SLIPS) which shows an incremental trend which is under the same period in consideration and this service was with effect from 29th October 2010.

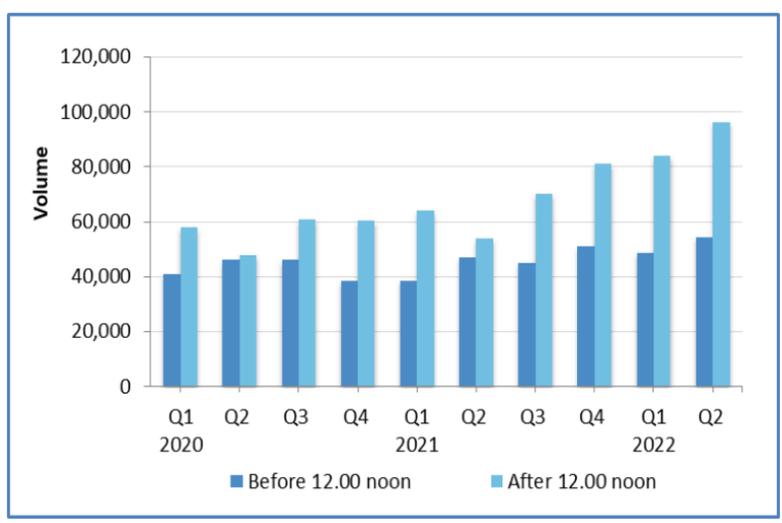


Figure 14 : Time distribution of RTGS transactions (in volume terms)
 (Source : https://www.cbsl.gov.lk/sites/default/files/Payments_Bulletin_2Q2022_e.pdf)

The *figure 14* denotes the Real Time Gross Settlement (RTGS) has proven evidence for the incremental count for an identified digital based alternate transaction mechanism in payment platform in Sri Lanka.

5.0 Conclusion

DFCC Bank is entrusted with a strategic vision to be a fully fledged digitalized bank in 2025. Therefore a solid strategic direction needs to coordinate between management information system and digital information system with the bank's cross functional activities. Such as finance, marketing, human resources, research and development, IT division and branch bank operation, treasury department, credit hubs, compliance unit and Recovery unit in continuous basis. In order to achieve the objectives successfully by external challenges in market conditions to deliver services with ethics, accountability, responsibility, customer centric and value creations for a sustainable and profitable operation.

The digital strategy will encounter considerable cost structure during an IT system transformation and financial feasibility need to consider the project cost, including software development cost, internet and band width expansion, hiring and recruiting competent IT staff, disaster recovery software, cost for data encryption and IT infrastructure and architecture cost.

Interms of risk management Information security need to mitigate to ensure the data transmission and storage of data will not lose the public trust in terms of confidentiality, data availability and data integrity. Malicious actions can be initiated elaborately or intentionally in a commitment of a crime in a way of hacking by computer virus resulting interruption in the bank and anti virus software implementation and development is a vital mitigation mechanism. Mal-functioning on software or hardware will result service breakdowns and and a compitent IT security officer needs to be entrusted for capability management. A high magnitute in IT security noted to be as phishing mail to tarnish the reputation by expositing to sensitive bank information in a unauthorised manner. Further foreign exchange rate risk can be mitigate by hedging through forward contracts, off setting, forward currency assets and liabilities. In addition operational risk to manage with key risk indicators arising from inadequate or unsucess internal processes, people or systems. Further fraudulent activities, human errors, ommisions, inefficiencies andunauthorised activities are components to this risk. Further reputation risk is identified by losing public trust and integrity is another key component and business risk can be initiated by deteriorating market share, and adverse changes in industry and market conditions. The component of legal risk will initiated by non aherence to legislations and frameworks in the banking industry, finally compliance risk, may arise by non compliance to code of conduct business ethics failed to manage conflict of interest and failed to follow regulatory sanctions.

The IT security policy needs to be regularly update and penalties and charges to be communicated to all the staff and decipline of password protection and avoid compromising need to highly educate internally. It is recommended to maintain IT service frameworks in a best practice nature to protect public confidentiality with the information technology infratructure library (ITIL) and and IT service management (ITSM).

In the transformation journey DFCC Bank needs to reduce the operation cost by discontinuing the extended banking hours services in branches to reduce the cost of energy, staff overtime, security cost. Diversifying assets and liabilities to enhance the fund transfer pricing mechanism can increase fund base income and fee base income can be derived by increasing the tariff charges over the digital services and eliminate all the printing related stationary charges. By this implementation the net interest income for the upcoming three years until 2025 can be projected increase by 15% and reduce the staff and operation cost by 10%. Thereby an incremental net profit can be expected and to measure the progress the bank is advised to follow with a monthly variance, budgetary analysis in order to closely monitor the financial projection and instantly take remedial actions over the low forecast.

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