

# Institutional Capital

Institutional capital encompasses a broad spectrum of largely intangible, non-financial components which are a direct result of exemplary governance. It includes components such as organisational knowledge, systems and processes, corporate culture and values, brand, business ethics and integrity, and other such elements that help the Bank to be “in tune” to deliver value to all stakeholders.

## Organisational knowledge

DFCC Bank, over a period of 63 years, has built up an unrivalled store of organisational and industry knowledge. The Bank has financed pioneering projects in varied sectors during its development banking era and evolved into a fully-fledged commercial bank serving customers across the Nation. The Bank’s successful transformation into a robust multi-product financial institution has even been recognised by the World Bank.

The Bank has also attained a level of professionalism and expertise through a highly-skilled, qualified workforce possessing qualifications and experience in multi disciplinary fields. The Bank supports the professional development of its workforce through training opportunities, knowledge sharing programmes, and by creating a competitive yet focused working environment.

## Systems, processes, and IT

The Bank has taken numerous steps to review, maintain, and improve the robustness of its systems and processes in place, to suit the changing operating environment. The Bank’s IT systems undergo continuous review to ensure a safe, secure, and trusted banking system. Consequently, DFCC Bank upgraded the core banking system to provide convenience and agility required in a digital banking context. The following are the key initiatives implemented in 2018:

- Completion of the necessary certification to enable the Bank to move into the VISA credit card business
- mVisa Mobile Application development and VISA certification
- Implementation of a debt recovery system to enhance the Recovery Department’s productivity and improve processes
- Launch of an interactive credit card statement providing customers with a comprehensive statement in electronic form

- Implementation of an online customer screening solution (World Check) from Thomson Reuters to supplement and enhance the existing Anti-Money Laundering (AML) system
- Enhancement of the Payments and Cash Management (PCM) system and introduction of a mobile application to provide enhanced services to the Bank’s PCM clients
- Continued to introduce new process automation workflows to various internal processes to improve the efficiency and enhance customer support for the users
- Introduction of a mobile platform for approval of payments to streamline the payment process
- Expansion of the Mobile Teller system to 30 new branches
- Completion of the Core Network upgrade to enhance security and to support requirements of PCI DSS standard

## Corporate culture and values

The corporate culture that exists at DFCC Bank is embedded in the Bank’s seven core values of being ethical, innovative, professional, accountable, team oriented, customer centric, and socially responsible. The Bank’s corporate culture has evolved over the past six decades to provide its team with a conducive, supportive working environment. The HR policies in place ensure the values of diversity, inclusion, and fairness in the workplace.

Through induction programmes, new employees are eased into the DFCC corporate culture. Programmes conducted throughout the year further reinforces the DFCC values and training programmes enable the workforce in career progression. Other policies like the Whistleblowing Policy, grievance handling, and open-door policies propagate transparency and fairness in the workplace.

In 2018, DFCC Bank launched the Regional Values Championship programme as a measure to encourage employee engagement. Each region appointed a team to champion one value and implemented initiatives related to the assigned value either at bank or regional level. This programme is ongoing and is helping to reinforce the core values of the Bank.

## Brand equity

DFCC Bank continued the momentum created in the market through multiple brand building initiatives to reaffirm and strengthen the brand as a fully-fledged commercial bank since its merger in 2015.

Above the line, below the line, PR and digital marketing initiatives continued aggressively, which included a range of marketing campaigns throughout the year to drive the assets and liabilities portfolio. Significant product launches were witnessed during the year which facilitated the creation of top of mind recall for the brand, whilst positioning DFCC Bank as a modern and active player in the banking industry. Positive word-of-mouth created by varied stakeholder groups has created a favourable impact on the brand.

The DFCC credit card was the first-ever CashBack credit card as well as the first vertical card to be launched in the local card industry.

DFCC iConnect, a state-of-the-art payments solution targeted specifically at the business clientele took payments solutions to the next level, creating a buzz amongst the target customers.

The key strategies to grow the brand continued and were aided by the results of a hybrid qualitative and quantitative research study that was conducted island-wide during the year.

DFCC Bank's role as a pioneer of digitally-enabled products and services was further enhanced in 2018. A new range of digital products were introduced whilst the existing digital products were improved with customer convenience taking precedence.

- DFCC Virtual Wallet – Sri Lanka's first digital wallet in the banking sector that facilitates cashless transactions anytime! anywhere!
- Premier Go – the first interactive Premier Banking app with a host of features, the highlight being that it facilitates customers to connect via a video call with their respective relationship managers
- The relaunch of DFCC credit cards with EMV enabled chip and Visa payWave contactless technology that allows the customer to experience the convenience of tap-and-go
- Launch of DFCC iConnect – a cutting-edge Payments Management Solution for businesses of all sizes

A number of customer engagement programmes were also carried out during the year which facilitated greater customer engagement between Bank staff and select customer groups such as the *Sahaya Hamuwa* forums for Micro, Small and Medium Enterprises and the Galle Literary Festival author forum for premier clientele.

## Notable recognition and awards

DFCC Bank received recognition from the following bodies in 2018:

- Most Respected Companies in Sri Lanka: DFCC Bank's brand ranking moved up 37 notches from the previous year to stand at number 48 in LMD's list of Most Respected Companies in Sri Lanka 2018.
- Brand Finance: DFCC Bank's brand value recorded the highest increase of 183% in the list, to reach 27th position in 2018 up from 39 in 2017.
- Most Admired Companies of Sri Lanka: DFCC Bank was recognised as one of the Top 10 Most Admired Companies in Sri Lanka by the Chartered Institute of Management Accountants (CIMA) and the International Chamber of Commerce Sri Lanka (ICCSL).
- World recognition for the Annual Report: DFCC Bank's last Annual Report received world recognition at the Association of Development Finance in the Asia and Pacific (ADFIAP) awards in 2018.

## Business ethics and integrity

The Bank is committed to conducting its business and day-to-day operations, adhering to the highest moral, ethical, and professional standards in line with its core values. The Code of Conduct of DFCC Bank outlines the responsibilities of the Bank and its team towards all stakeholders as well as themselves. The Corporate Governance section of this Report (page 94) provides an insight into the governance mechanisms of the Bank and the systems, processes, and policies in place to uphold integrity in all business operations.

## Anti-corruption

DFCC Bank follows a zero-tolerance policy against corrupt practices in all business dealings. This is outlined in the Bank's Code of Conduct. The anti-corruption programme initiated by the Bank encompasses numerous reporting and supervisory mechanisms to prevent corruption from taking place, along with online and classroom training to raise awareness among employees.

## Compliance

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