

# A Bank that's behind every Sri Lankan smile

By

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&

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**Hatton National Bank the Largest Private sector bank in Sri Lanka with over hundred years in existence, formally began to down scale in to microfinance to create access to rural Sri Lanka and Youth of the country in the year 1989.**

**Sri Lanka faced two youth uprisings (insurrections) one in 1971 another one in 1988 this mainly due high unemployment in rural areas.**

**HNB being a national bank felt it was time , lay foundation for long term program to take banking to the youth and the rural poor.**

## **THE PROGRAM STEERED IN TWO FRONTIERS(1989)**

**1) Linking Children and Youth to the Bank  
(National School Adaptation Program )**

**2) Linking Rural and Poor to the Bank  
(GamiPubuduwa- Village based Microfinance)**



## Belief in the People and Partner their Progress

**Commercial Bankers are generally more short term focused and always believed 80% of the profits comes from the 20% customers.**

**HNB with 120 years of heritage having grown with the nation, the economy and its people, always believed in its people, and have partnered their economic progress.**

**The bank believed in strengthening 80% of the marginalized by the commercial banks ,and lay a foundation for the future line of business with the bank.**

## Commitment, Passion and Patience

Venturing to rural Sri Lanka and linking the youth to the bank is a long journey with a clear vision.

Bank was **COMMITTED** make certain short term sacrifices, allocating required resources foregoing short term gains.

The Leadership of the bank were very **PASSIONATE** about the enriching rural Sri Lanka and in creating access to youth.

In a long journey one needs **PATIENCE** reach the destination.

**Two key strategies in linking the youth of the country to the bank**

**Sri Lanka being country with free education up to the university level, over the last 60 years has achieved 94% literacy level across the country.**

**70 % of the population live in rural Sri Lanka so are youth of the country.**

**In view of this , the bank recognised the need to link with the youth through the country's educational system . Secondly, by establishing links with the youth at the rural village level through a micro finance program**

## NATIONAL SCHOOL ADOPTION PROGRAM



- HNB currently 180 branches island wide, and each branch manger is entrusted the task of adopting three schools.
- Bank has already obtained formal approval from ministry of education for this program.
- Bank sets up mini student bank with the school and initially train 5 students as leaders.

- Various competitions are organized under the bank sponsorship for not only in the area of savings , banking but also to surface the skills, in art, music, drama and creativity in children.





- Every year all Island one major conference and 8 regional conference is held all the Student Managers.

- These Student Managers in turn strategically implement the financial education program in their respective schools



- The conferences not only test of leadership of the student managers but also discuss strategies inculcate saving habit among their fellow students





- **Students as well as parents of the students open Savings accounts at a Newly open Student bank**

- **Young Students line up to open new accounts and obtained free Elephant Till.**



HNB has around 200 student banking units link to 180 Island wide branch network.

Around 1,000 student Leaders manage these student branches under the close supervision of HNB'S branch officials.

In the last ten years over 30000 student managers have been trained and passed out of schools.



**Over 600,000 students save with HNB, and have become loyal young customers.**

**The Bank holds over Rs.4 Billion (\$40 million) in savings accounts of the students.**

**Over 20000 new accounts are annually opened bringing in nearly \$2 Million to the Bank.**



## Access for the Rural Youth to the Bank

In the year 1989, the bank took the first step in down scaling to micro finance by commencing two pilot projects in two remote villages in the country.

Key initiatives here were to bring financial education to the rural community, majority of whom were youth and surface their entrepreneurial skills to facilitate financing them.

Based on the success of the two pilot projects, HNB in the year 1991 formally down scaled into micro finance and branded its micro finance program “Gami Pubuduwa” Village Reawakening . “





Financial education to make the rural youth more responsible and accountable

HNB's field officer is more than a Banker , is a leader, mentor, guide and a friend to rural youth.

Identifying and surfacing the entrepreneurial skills of the youth, bringing expert technical knowledge, in the field of agriculture, and light industry and simple management and accounting .





Opportunities for More People in More Places



70% of the population are rural based, so are the youth of the country.

Bank moves into far flung villages and towns to create access to financial services for the rural folk and youth.

Opening of a Micro Banking Unit in a hill county Town dedicated for Rural Folk and Youth

## For the Last Two decades the Impact Created

Over 100000 Micro entrepreneurs were financed, by extending credit to the value of Rs.4 billion (equivalent to 40 million dollars).

Through closely holding hands, nearly 10% MC are graduated to SME level

Direct employment created to over 400000 people who are employed.

On going financial education program for employees of the micro entrepreneurs and their families.



## Key Products Serving the Youth

- **Children/Youth Savings (schools)**
- **Micro Savings.(Village based)**
- **Youth Credit Cards**
- **Micro Credit**
- **Money Transfer**
- **Micro Insurance**

## Youth of the Country as Key Stakeholder of HNB

**65 % of the bank's \$60 million total micro finance portfolio comes from the Youth category. (18-26 age group)**

**10% of the savings based of the \$600 million (excluding fixed deposits) of the bank are held by the youth.**

## An Investment with a Sure Return

Being a commercial bank, over the decades banks have been able to graduate its customers from micro to small and medium, and profit by that process.

Having variety of financial products and services at its disposal, cross-selling the bank's other products to these folks that are graduated is a key initiative .

Bank considers ,the Student Banking Program and Rural Youth to Microfinance Initiative, as key investment today, to build its loyal customers for tomorrow..

## Key Success Factors

**The Courage of convictions of the Banks leadership, to believe in the potential of the Youth hold for the future business of the bank.**

**Very pragmatic financial literacy program run concurrently, to make the youth more responsible and accountable in their dealing with the bank.**

**Graduating process so designed to make the youth Independent as well as Interdependent on the bank for greater sustainable growth and success for them.**



**“LIFE, LIGHT & LIBERTY  
FOR POOR THROUGH A  
SUSTAINABLE  
MICROFINANCE  
INITIATIVE”**

**~ CHANDULA**



# Thank You

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