

# VALUE ADDED SERVICES



## OUR STRATEGY

The ultimate test of the Company's strategy is whether it will allow us to provide superior supplementary services and sustainable other business lines, which together will reduce the risk of income generated from the primary source of income, lending, either immediately or in the very near future. We revised our strategy throughout the year to make this purpose clearer and to provide our business units and enabling roles a framework within which to carry out the Company's plan.

## MANAGEMENT APPROACH

We're responding to the ways in which people's busy lifestyles are altering their ways of thinking and behaving by offering them streamlined payment systems and other value-added services via a variety of seamlessly interconnected channels. To give our customers full control over their finances, we've expanded our offerings to include a variety of bill-paying options for

utilities and other financial services, and we've made significant improvements to the speed and efficiency of delivery on our value-added platforms. Millions of transactions produce a considerable amount of processes on our value-added service platforms, and customer adoption of LBF's other services continues to rise. Our goal in introducing this feature was to simplify the lives of our

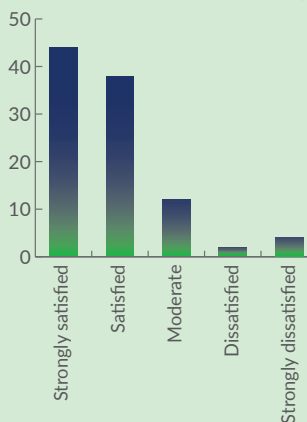
patrons. Our expansive branch network, which extends beyond conventional bounds to meet the needs of our clients, allows us to process all of their utility payments, currency swaps, and money transfers. During these unstable economic times, LBF has prioritized value-added services in an effort to promote customer loyalty and contentment overall.

### Survey Insights by

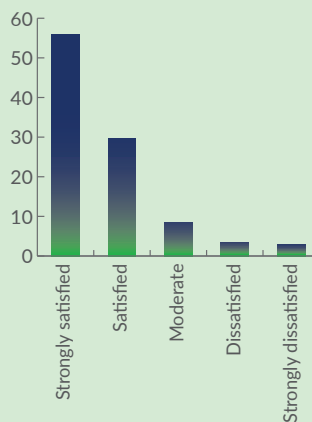


Marketing Department of University of Sri Jayewardenepura

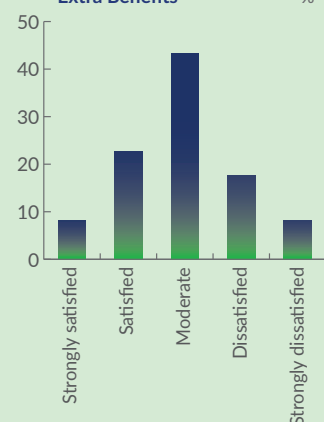
Speediness in Withdrawal



Speed of the Service Offered



Extra Benefits



## BUSINESS REVIEW

### VALUE ADDED SERVICES

#### CORE COMPETENCIES

- ▶ Versatile customer-focused solutions
- ▶ Consistent and uninterrupted service delivery

#### STAKEHOLDERS EXPECTATIONS

- ▶ Simple and transparent payment platforms
- ▶ Useful information, financial education, and advice that leads to financial wellness and peace of mind
- ▶ Trusted transaction relationship
- ▶ Ease of transacting across channels

### Product offerings



### FOREIGN CURRENCY OPERATION



#### Strategy and performance

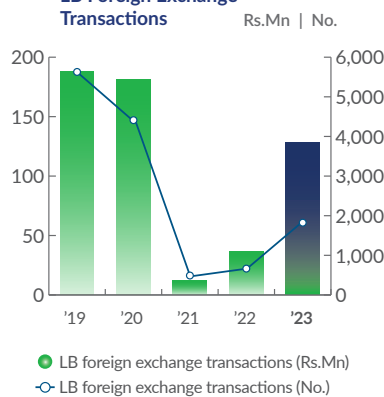
Prolonged inactivity in the tourism sector along with the rapid rise in the number of informal players saw formal money exchangers facing another year of low USD circulation. Undeterred by these challenges, LBF pressed ahead with expansion plans to grow its bandwidth in the money exchange space. CBSL approval was obtained to enable the rollout of the Money Exchange facility across all 192 LBF branches. In parallel, promotional activities were also accelerated to increase product awareness among target customer segments.

These target-driven initiatives produced excellent results as evidenced by the 62% increase in volumes over the previous year. Transaction numbers also showed a sizeable 71% improvement over the financial year 2022/23 buttressed by a solid contribution from LBF's island-wide branch network.

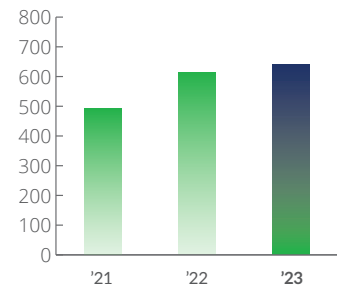
#### Future prospects

A dynamic approach will underpin LBF's strategy to grow market share in the money exchange space. As a first step, LBF expects to seek CSBL approval to expand the currency portfolio from the present 19 currencies to as much as 25 by 2025.

LB Foreign Exchange Transactions



Payhub Transactions



### PAYHUB



#### Strategy and performance

The widespread economic downturn in 2022 had a cascading effect on the demand for the Bill Payment facility. To counteract these challenges, LBF accelerated its awareness-building activities via multiple mediums.

Nevertheless, lower transaction volumes were recorded compared to the previous year. New registrations also fell below expectations. On a positive note, Bill Payment transactions via the LB CIM wallet app improved steadily amidst the increased customer adoption of the LB CIM platform.

#### Future prospects

The prospects of the Bill Payment business will hinge on providing easy access to enable more customers across the country to make use of the facility. Towards this end, LBF hopes to collaborate with leading telecommunication services providers to empower their island-wide agent network to offer the Bill Payment facility. While significantly increasing the island-wide reach, this approach will also enable LBF to participate in joint promotions to raise awareness and improve visibility for the Bill Payment facility.

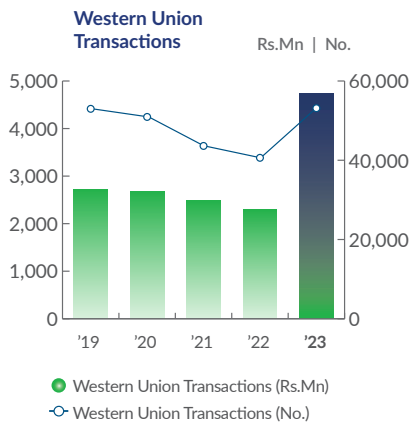
## WESTERN UNION



**MONEY Master** **LB FINANCE**

### Strategy and Performance

LBF's Western Union money transfer operation delivered a strong performance in the current financial year despite challenges in the external environment. Total money transfer volumes recorded by LBF's Western Union channel increased by 51% while the number of transactions grew by 23% compared to the previous year, both commendable achievements at a time when inward remittances flow to the country declined by as much as 31% year-on-year.



Bolstered by the year-round improvement in volumes, LBF's market share also increased to 12% in the current financial year.

These results are attributed to aggressive marketing and awareness-building activities by branch teams coupled with the progressive expansion of the sub-agent network throughout the year. Capitalising on its status as a principal agent of the Western Union money transfer network, LBF expedited the appointment of new sub-agents, which saw the network doubling from 90 at the start of the current financial year to 180 on 31st March 2023. The LB CIM Business Loan team was also mobilised to engage in cross-selling to raise awareness regarding LBF's money transfer facility.

### Future Prospects

The main focus for the future would be to expand the sub-agent network in order to support the incremental growth in the number and volume of money transfer transactions. To drive this, LBF will aim to grow its sub-agent network by the end of 2023.

### Customer awareness



## BUILDING FOR FUTURE

### Objectives and Goals

#### Short term

Increase targeted promotional activities to create top of mind awareness across all relevant customer segments for foreign currency exchange

#### Medium term

Enhance the customer experience through digital integration for money transferring

#### Long term

Financial education and awareness building to enhance for digital utility payments

### Related strategic focus

**BO** **BSF**

**BSF** **IG**

**BS** **BO**

### Related material drivers

**CEC** **CBI**

**CBC** **CBI**

**CEC** **HPT**

### Related stakeholders

**C** **SH**

**C** **SH** **E**

**C** **SH** **E**

### SDGs impact

**8** **9**

**9** **11**

**8** **9** **10** **12**