



# BANKING FOR THE FUTURE: TAKING FINANCIAL INDUSTRY TO THE BOTTOM OF THE PYRAMID

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## **Adam Smith's Sympathy vs. BOP Reality**

Today, in the era of the new economy, switching on to the digitalized audio-visual world will echo so much talk about economic development, poverty eradication and socio-economic inequalities. Philip Kotler vividly elaborated, that the globalized economy is prone to change every nanosecond - becoming highly digitized, inter-connected, more disintermediated, and with convergence of different industries. He so rightly said, ***"The future is not ahead of us. It has already happened. Unfortunately it is unequally distributed among companies, industries and nations."***

Adam Smith, the father of market economies and capitalism, had prophesized;

***"A profitable speculation is presented as a public good because growth will stimulate demand and everywhere diffuse comfort and improvement. No patriot or man of feeling could therefore oppose it. But the notion of this growth, in opposition, for example, to older ideas such as cultivation, is that it is at once undirected and infinitely self-generating in the endless demand for all the useless things in the world."***

It is doubtful as to how many of the people who advocate and promote a market economy know of the real sense he had quoted above. In this sense, Adam Smith was absolutely right and if he had been here today, he would be astonished to see all the fancies available in a ***"throwaway society"***!

The irony is that the digitized world provides innumerable products and luxuries that only a few could afford, irrespective of the real need. The masses on the other hand would not even dare window shop at the modern shopping malls. However, one may argue that without induced demand, there wouldn't be growth to elevate and improve the lives of those who really deserve. ***But is this the reality?***

End of World War II, saw World Bank, various donor nations, aid agencies and national governments fighting for the eradication of poverty. Yet, five decades into the 21<sup>st</sup> century "Poverty Reduction" has remained a top priority of the United Nations Millennium Development goals. Ironically even the latest report on Human Development titled "Beyond Scarcity, Power, Poverty



and the Global Crisis" (of 2006), by UNDP, reports of millions of people who are denied their fundamental human needs to water, education and basic infrastructure.

**Table 1**  
**Economic Disparity among Nations 2004**

Country Category	GDP		GDP per capita	
	US \$ Bn.	PPP US \$ Bn.	US \$	PPP US \$
<b>High Income</b>	32,590.40	30,746.40	33,266.00	31,331.00
<b>Middle Income</b>	7,155.30	20,386.40	2,388.00	6,756.00
<b>Lower Income</b>	1,236.60	5,381.40	538	2,297.00
<b>World</b>	40,850.40	55,976.30	6,588.00	8,833.00

**Source:** Human Development Report 2006, UNDP

Adam Smith, in the writer's opinion, the most quoted yet the least read economist, in his work the "*Theory of Moral Sentiment*" argued that "*sympathy*" for others (i.e. poor) was the basis of any civilized society. But a society, fueled and motivated by greed to create & accumulate wealth, would not have any sympathy for others that are unseen or unknown. So concerned people in this world of despair, disorder, inequality and definitely uncertainty, are trying to figure out how to eradicate poverty and improve living standards of over 4 billion people earning less than \$2 a day!

These are the very people known as the Bottom of the Pyramid (BOP) - the subject matter for the more fortunate bankers to deal with, not on sympathy or philanthropies, but because the very future survival of bankers depends on them.

**Figure 1 : The World Economic Pyramid**

Annual Per Capita Income*	Tiers	Population in Millions
More Than \$ 20,000	1	75 - 100
\$ 1,500-\$20,000	2 & 3	1,500-1,750

**Source:** U. N World Development Reports

Many economists have made their own attempts to solve the problem of poverty. Yet the attempts are far behind in success and confined to intellectual debates and interests. In 1974, Schumacher's "Small is beautiful" shed some light on the subject when he proposed methods and technology that are,



- Cheap enough - accessible to virtually anyone (poor)
- Suitable for small scale application
- Compatible with man's need for creativity essential to meet the challenges of modern economy.

But one could argue that in this world, the modern order of business is "***Small is not so beautiful***", since in the eyes of investors, "***being big is not seen as ugly***". Today it is observed many businesses becoming bigger and bigger, through organic growth and mergers & acquisitions. This phenomenon is a reality for all industries – from fast moving consumer goods, manufacturing and industries to financial services.

Being so close to capital (funds), the problems that lie in front of us bankers is to have a new approach to cater to the BOP segment. Instead of adopting a "***sympathetic approach***", a more "***empathetic approach***" is needed to usher a sustainable Win-Win solution for all stake holders, in the business world. Especially the Sri Lankan banking community needs to focus on this market segment since 42% of its population falls under this category. They all have to re-think their traditional strategic approaches, business models and applications "to stay alive" in this globalized business world.

### **Beyond the intellectual utopias**

The links between economic growth and financial markets are a century old topic of debate for academia and policy makers. Schumpeter (1934) argued that financial development leads to economic growth. He observed that financial markets play a dominant role in the growth process channeling funds to the most efficient investors and fostering entrepreneurial innovation. However, J. Robinson (1952) viewed the situation contrary to Schumpeter and argued that financial development passively follows economic growth by responding to the increasing demand for funds due to the economic prosperity. This debate is yet to be settled among economists as well as modern policy makers!

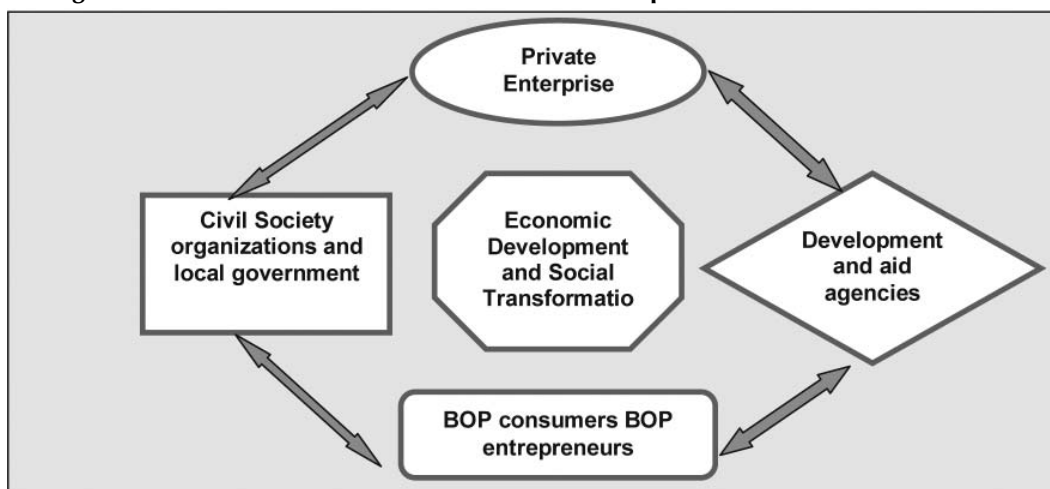
Having said that, in spite of all these interesting intellectual arguments, practical bankers close to capital (funding) as well as people, have experienced what proper financing could do to small businessmen or entrepreneurs. Many bankers have had the joyful experience of contributing to the elevation of a small business or an individual and see them grow into a larger business organization or sometimes into an international business outfit. These practical and dynamic experiences of bankers are much stronger than any empirical debate on economic theory by economists and policy makers. Infact recent empirical studies support the above proposition which suggests that deeper broader and better functioning financial markets can stimulate higher economic growth at macro level (Levine 1997).

However the real challenge is at micro level where business is really happening. Catering to the BOP in a business perspective, appreciating the Risk and Rewards is a challenging task to any



industry. In this market economy nothing is “free”, and sustainable growth and creating shareholder value are essential prerequisites. C. K. Prahalad, observed that success formulas to win the potential market segment of BOP should have **“A better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win – win scenarios where the poor are actively supported and at the same time, the companies providing products and services to them are profitable”**

**Figure 2 : Interconnection between economic development and social transformation**



**Source:** The Fortune at the Bottom of the Pyramid, C. K. Prahalad

Prahalad observes that collaboration is more essential in civil society organization and local governments, if this proposition is to be a success. In the Sri Lankan context, this has more meaning and a real value proposition for all NGO'S and INGO'S, in contrast to their current confinement of priorities on areas of civil war, human rights, media freedom and conflict resolution.

This innovative suggestion challenges the civil organizations to build sustainable solutions to the most desperate and voiceless BOP, by taking them for journey as companions, rather than taking them for a ride to achieve various political and other aspirations. This will definitely shift the focus on the root causes rather than symptoms!

## **Myths and realities of the BOP, A Sri Lankan perspective**

### **Are the poor really poor?**

Does the BOP have money and purchasing power? According to Prahalad the dominant assumption is that poor have no purchasing power and therefore do not represent a visible



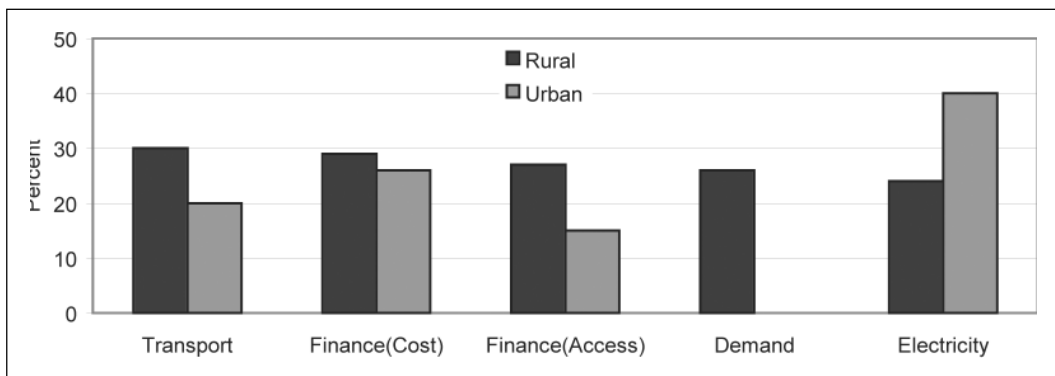
market. Yet he argued that there is more evidence contrary to this myth all over the world. The researchers have revealed that the current income is \$3.35 per day in Brazil, \$2.11 in China, \$1.89 in Ghana and \$ 1.56 in India. Yet together they have substantial purchasing power which constitutes to a \$ 5 trillion global consumer market!

Population earning less than \$ 2 per day in Sri Lankan is 42% and no business can ignore the aggregate demand in them. However, the US Dollar is not a proper measurement of purchasing power in the local context considering the various socio economic realities in the various societies.

There are disparities seen in the same economy in many countries all over the world. Urban and rural disparities are predominant. Sometimes the economic power is concentrated in a single geographical area. Often the BOP being in a high-cost eco-system, even in developing countries, are compelled to pay a premium for everything. Prahalad called it "**Poverty penalty**" which is due to local monopolies, inadequate access, poor distribution and strong traditional intermediation.

The World Bank survey done in 2005, supports the above argument and shows the disparity among rural and urban society in the Sri Lankan economy.

**Figure 3 : Ratings for Top Five Constraints Rural Vs. Urban Sri Lanka**

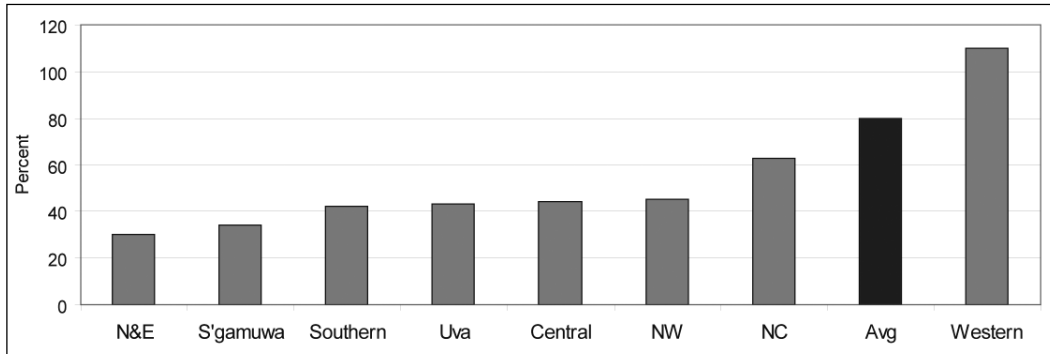


**Source:** Sri Lanka Investment Climate Survey (2004)

Ironically it is the rural society that provides much needed funding to the western province making them less poor and a main contributor to the national economy. Yet it is observed that the poor have to pay more or even a premium for finance as well as other needs!



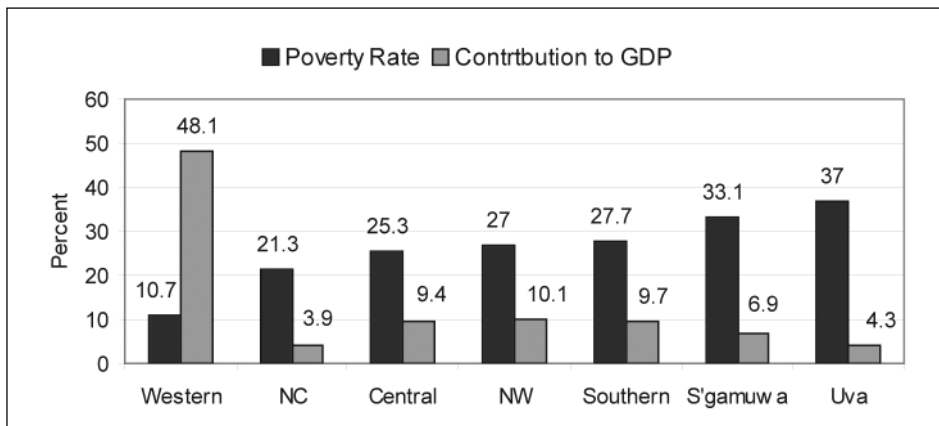
**Figure 4 : Commercial Banks - Net saving transfer from Rural to Urban (Percent, 2004)**



**Source:** World Bank report, Improving access to financial services (2005)

The rural sector as well as the poor in western province are using informal, non-institutional sector for financing needs. Many studies have revealed that costs of funds are substantially higher in the informal sector comparative to the formal sector.

**Figure 5 : Growth & Poverty Reduction, skewed towards the Western Province (% , 2002)**



**Source:** World Bank report, Improving access to financial services (2005)

Yet the banking sector has so far not been capable of attracting these segments to the formal institutional sector, as a result of the conventional business strategies and models.

Therefore, traditional financial institutions and especially bankers have failed to penetrate this market, profitably for the shareholder whilst safeguarding the depositor.

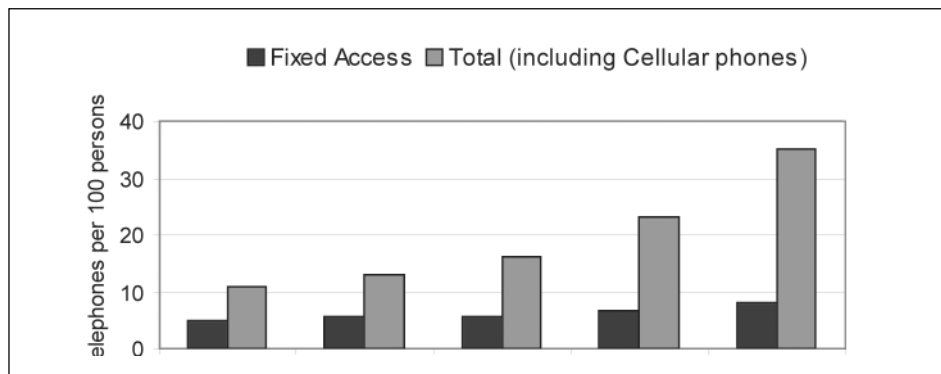


## Are the Poor averse to New Technology?

Another popular belief is that the poor (BOP) are averse to advanced technology. However, many global, regional as well as local examples indicate that BOP consumers accept and welcome advanced technology. A good example is from our neighboring Indian conglomerate ITC that connected Indian farmers with the market through personal computers in their villages. They called it E-Chopal (It is similar to a Sri Lankan Kopi Kade in the villages). E-Chopal network allowed farmers to access the Chicago wheat prices and make their sales more profitable. Now it is said that this concept has been extended to provide the information on weather conditions, various diseases and remedies for farmers. Indian farmers are now ready to buy their own Personal computers!

In Sri Lanka, Dialog, a major mobile operator generates 80% of its income from outside the western province according to a presentation by its CEO. Dialog utilizes the existing widespread boutiques under a franchise scheme for their mobile re-loading facility. It shows that BOP are connected and networked. It is expected that by 2008 the telecommunication market penetration will increase from 35% to 75% in Sri Lanka.

**Figure 6 : Telephone Density**



**Source:** Central Bank of Sri Lanka

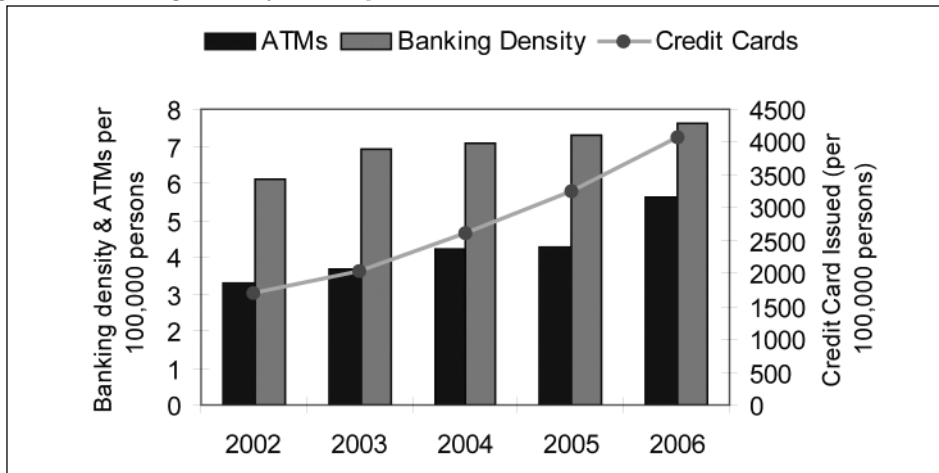
It is observed that despite the rapid growth in telecommunication and innovative wireless technology (CDMA), Sri Lankan financial institutions are concentrated more in western province and fiercely competing with each other for the same pie!

The increase in access to banking may mislead one to believe, where the resources are concentrated. The financial industry concentration is a major indicator to judge whether they have substantially penetrated the BOP. It is clear that macro development in the country in the near



future will be very remote unless concentrated and focussed attempts are made by policy makers and private sector on the BOP.

**Figure 7 : Banking Density, ATM spread and Credit Card Issuance**



**Source:** CBSL annual reports, Census & Statistics Department

Even though Sri Lanka has a substantially sophisticated financial industry compared to neighbouring counterparts and most developing countries, it has not yet been able to use new technology as a strategic tool to penetrate the BOP markets.

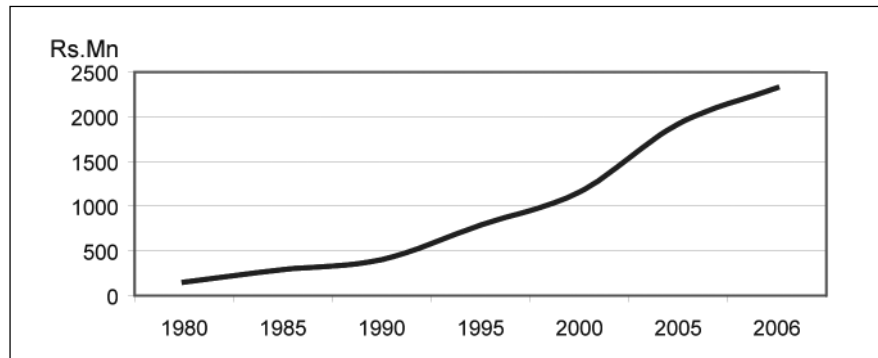
**Table 2  
Financial industry Concentration in Sri Lanka**

Details	Western Province	All Other Provinces
Commercial Bank Branches	598	707
LSB Branches	41	65
NSB Branches	41	66
Financial Companies	18	50
Population	5.3Mn	13.4Mn

**Source:** Web sites of financial institutions, CBSL annual reports, Census & Statistics Department



**Figure 8 : Worker Remittances to Sri Lanka**



**Source:** Central Bank of Sri Lanka

Migrant worker remittances are one of the highest foreign inflows to Sri Lanka, and yet a substantial amount of remittances are routed through informal sources to residents in Sri Lanka due to higher cost, time duration and less accessibility provided by the formal banking sector. Having seen the huge potential in this area some of the local banks and state owned national savings banks have gone for remittance business more aggressively. However traditional mode of remittances such as drafts and telegraphic transfers are inefficient compared to e-remittances, in terms of speed. Yet, all modes of remittances are substantially higher in cost in the institutional sector. Though more and more banks are introducing e-remittances, success of the proposition is largely dependent on wider accessibility and convenience as most of the migrant workers are outside the Western province.

**Table 3**  
**Average time to remit money to Sri Lanka**

Country	Telegraphic Transfer	Draft/cheque	E-remittance
United Arab Emirates	1-2 days	3*-21 days	10-15 mins.
United States	1-2 days	3*-21 days	10-15 mins.
European Union	1-2 days	3*-21 days	10-15 mins.

**Source:** Central bank of Sri Lanka (2005)



**Table 4**  
**Cost of Remittances to Sri Lanka**

Country	Currency	Telegraphic transfer	Draft/cheque	E-remittance
United Arab Emirates (exchange houses)	Diram	8-10	3-5	10-15
United States (banks)	USD	30-50	25	10-62 (for USD 100-500 remittances)
United Kingdom (banks)	GBP	27.5	22.50	7-11 (for GBP 100-500 remittances)
Other European Union (banks)	Euro	10-75	25	7-11 (for Euro 100-500 remittances)

Source: Central bank of Sri Lanka (2005)

The World Bank Sri Lanka division in its survey in 2005, concludes that ***“Like many other Asian countries, electronic networks are unlikely to benefit poor and rural areas in the short and medium term”***. This is purely because of the limited ATM density and higher IT related cost of conventional Sri Lankan banking industry.

However, ***the crux of the problem is not the mere cost of technology as World Bank states, but the conventional business model of present bankers that is not able to access the BOP with innovative technologies at affordable costs coupled with the popular myth among most of the banking community and donor agencies & policy makers that the poor are averse to new technology!***

Traditional majestic looking brick and mortar as well as brick and click banks would not be a solution to tap the market simply for three main reasons.

- Investing on infrastructure in remote areas incurs heavy capital costs that burdens on funding, capital adequacy requirements as well as incurs high operational costs,
- Technology used as “frills” and not as a more adoptable and economical distribution mechanism as proposed by Schumacher or more recently by Prahalad,
- BOP markets perceive such majestic looking banking institutions as not being meant for them, and hence drive them towards isolation and the informal sector.

Sri Lankan banks could learn from the less developed financial markets of Latin America and Africa on how effectively and efficiently they have adopted BOP friendly, affordable technologies profitably. A Bolivian financial company, named PRODEM FFP has been able to provide 24 hour high quality financial services to highly illiterate Bolivian rural BOP markets by introducing a smart

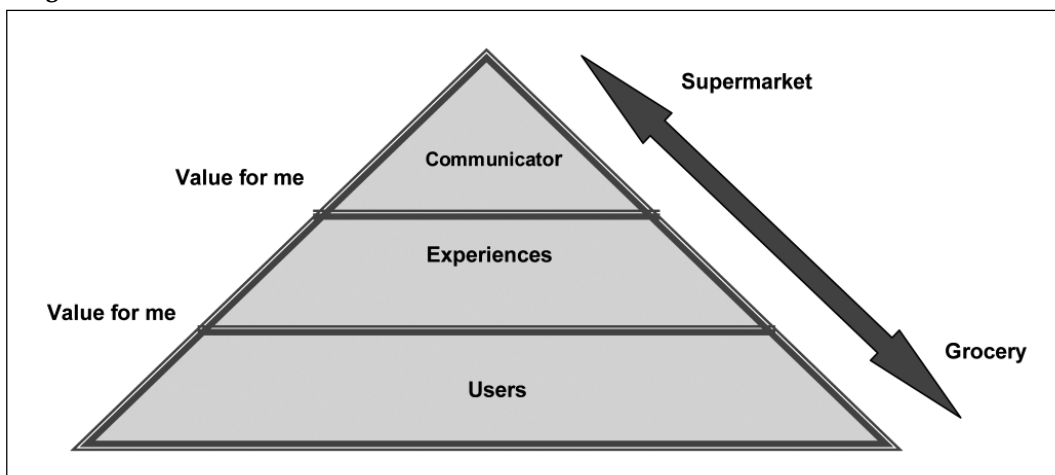


automated teller machines that recognize finger prints, use color coded touch screen and speak in three different local languages!

### Are the Poor receptive to Brand?

Another dominant assumption is that the poor are not brand conscious. But according to research, the poor are very brand conscious and also extremely value conscious. Today it is important to understand that consumers are not “*mere consumers*” or “*Users*” of products, **they have to be understood as experiences and communicators** (Liyanaage). Much is being talked about Branding and consumer behaviours globally, but there are very few researches done on the Sri Lankan consumer. One such researcher, Liyanaage argues that, “**although consumption is fast replacing occupation as the chief determinant of one’s status in society, the traditional belief and value systems are very much intact and are only changing slowly, rather than radically**”.

Figure 9 : The Role of Consumer



Source: The new consumer and implication for retailing, (Uditha Liyanaage)

Therefore by consumption of specific products, consumers relate themselves; wanting to experience “*the luxuries*” of the middle and upper societies and communicate something back to the society that they live in order to be recognized in their “*social status*”. The BOP specially being in the lower spectrum of the society, are brand conscious and wish to elevate their status in the society through “*experiences*” and as “*communicators*”

Further he argues that the private sector has confined its marketing and communication to the western province’s dominant new urban middle class (NUMC) and will have to broaden its scope to understand the much larger spectrum of Sri Lankan consumers. It is observed that many e-based financial solutions introduced by the Sri Lankan banking industry focuses on affluent



business executives, and most communications (advertising and publicity) are in English with contents of the message beyond the comprehension of BOP.

Sri Lankan banking industry should understand this reality when serving the BOP. Unfortunately, lack of insight and the many myths on BOP have led to the isolation of the BOP from the formal institutional financial sectors denying the bankers the opportunity of tapping a larger market segment. Introducing products, tested for success in the Western World, would not help capture the BOP, and Sri Lankan bankers need to be more creative in their approach with innovative products that will easily capture the hearts and minds of masses. This cannot be achieved overnight – more research and effort is needed.

### **Are the Poor Asset-less?**

There is no doubt that the poor are “cash” poor, obviously because of their low income levels. Yet 4 billion people who earn less than \$ 2 per day are not a homogenous segment. They have their unique features and complexities. In Sri Lanka, most of the BOP belongs to rural areas and their consumption patterns, resource structures and behaviours differentiate them from urban markets. Therefore to access the BOP primarily, the capacity to consume should be created.

The Sri Lankan BOP is not asset-less. They have their asset base in terms of land and estates but unfortunately due to legal constraints, these assets cannot be converted to capital readily. Most rural lands are not acceptable to banks because of issues with titles and are a hindrance as collateral for lending purposes. This problem is almost common to all the BOP consumers world wide.

According to the Heranando De Soto, the World’s poor have assets worth \$ 9.3 trillion in real estate assets alone, which cannot be converted to capital due to legal barriers and related higher costs. De Soto strongly argued that capitalism failed due to a lacuna in a system to convert the majority’s assets to capital. He talked about five mysteries which contribute to this situation. The mystery of missing information; mystery of capital; mystery of legal failures, mystery of political awareness; and mystery of missing lessons from history.

### **Are the Poor Trustworthy?**

It is a wide spread perception that poor are less trustworthy and are not committed to repay what they owe. On the other side of the coin, the poor too do not trust most of the large firms. Therefore “**Matter of trust**” is largely a two sided perception.

In Sri Lanka the perception to a certain extent is real; a farmer considers most of the farming loans as grants. However, this perception was created through the political contexts over the last



6 decades. Private sector firms approaching the BOP market must focus on building trust between them and consumers, and learn to respect the BOP's dignity.

In ICICI Bank the default rate is less than 1% for a consumer base of 200,000 self-help groups', in India. In Bangladesh, the Grameen Bank micro finance scheme is a true success story for Sri Lankan bankers to reflect on, where among 2.5 Mn. consumers the default is less than 1.5%.

Large firms assume that the default rate among the poor is likely to be higher than that of their much affluent higher income earning consumers. ***But these examples show the contrary to be often true.*** Even though a proper research is not available for the Sri Lankan banking sector's default consumers, the general experience of the banking community is that the default rate is higher among their "***Affluent Customers***".

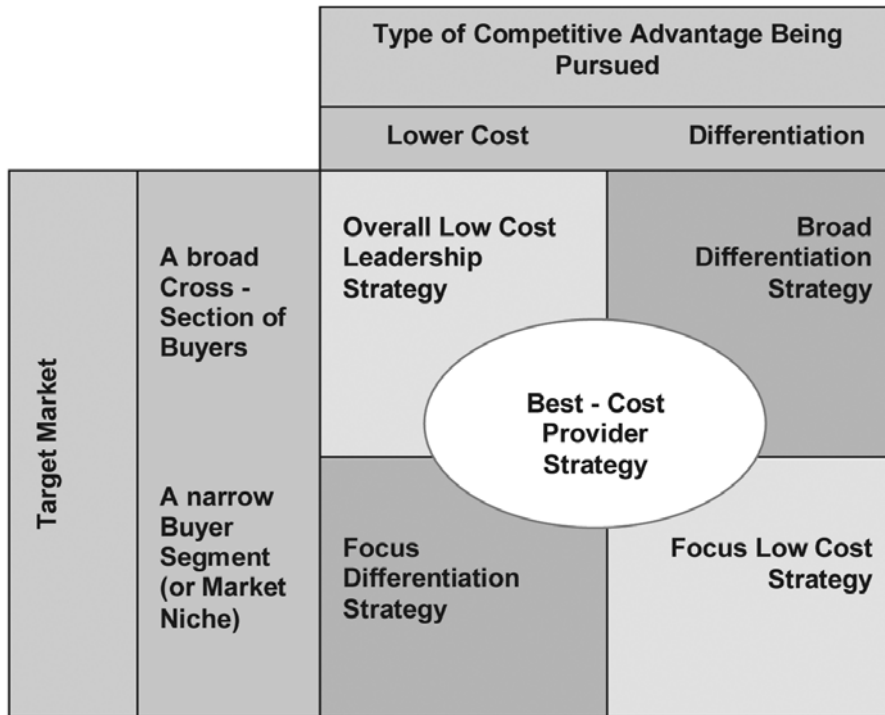
According to the Youth Survey (2002), 71% of Sri Lankan youth believe that Sri Lankan society is "***not just***" and 75 % believes the benefit of development will be confined to "***Well-to-do sectors***". According to Liyanage, the rural youth are being segmented as "***alienated rural youth***". Though the essay on "***Profiling Sri Lankan consumers***" does not provide concrete empirical judgment of "***Trust***" among BOP and the private sector, it gives a good indication that after six decades of independence, Sri Lanka at large fails to create trust among the wider social spectrum! Lessons in the regional and local context are eye-openers. Building trust is not a simple task – specially after 60 years of suspicions and misunderstanding among both parties. However, from the perspective of the private sector, continuous efforts for a win-win solution with world class quality will help create mutual trust and responsibilities between the BOP and the banking community.

## **New Domain for Strategy**

The word "***Strategy***" originated from the Greek; ***Stratēgia***, meaning "***a General***". Strategy is a much talked and conversant concept in modern western management, after 1950's. However, in the Eastern part of the world the concept of strategy had a much wider and deeper meaning – it is "***The way***" in warfare, as considered by Sun Tzu ("***The Art of War***", 400 B.C.) and Miyamoto Musashi ("***The book of five rings***", 1600 A.D.), and is thus an old concept. Ancient military acumen and the more recent business arena use the word "strategy" with the vigor and aggression and a sense of competing with each other. The much acclaimed five generic competitive strategies of Michael Porter (1980) too, are presented and discussed in the same manner.



Figure 10 : The Five Generic Competitive Strategies

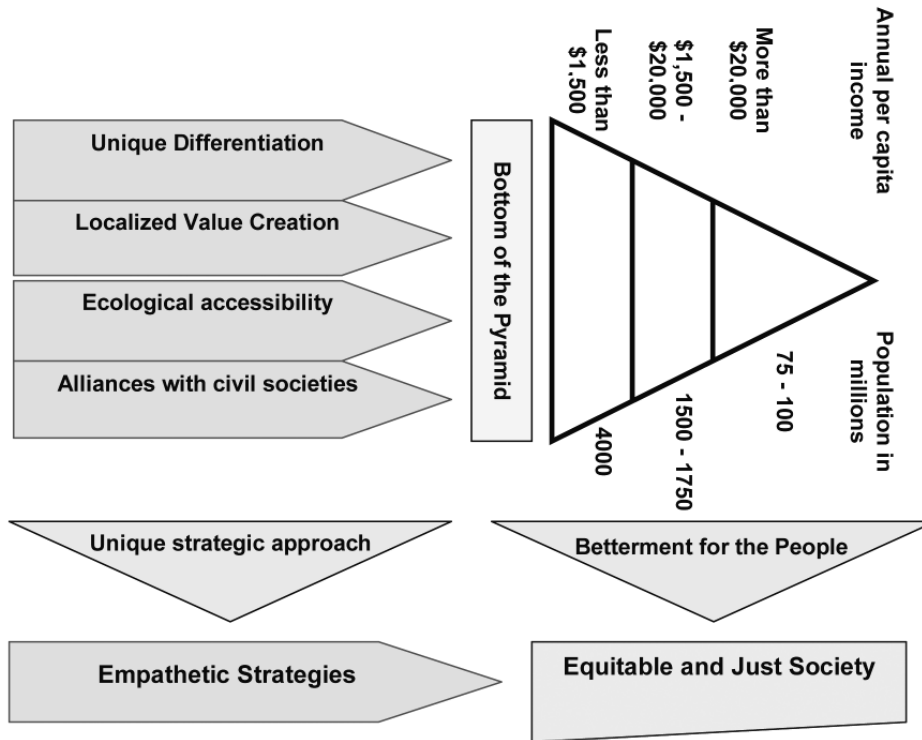


Source: Michael E. Porter, Competitive Strategy

Having said that, there is no need to re-invent the wheel, but it is essential to approach this subject more *“Empathically”* against “aggression” and with a *“sense of partnering”* than competing with each other to grab the emerging BOP market. We propose a model that considers the BOP to be the *“core, and most important”* part of the emerging market at macro level (in global sense), and as *“the progressive content”* of an economy for transforming poverty driven society to a more equitable and just society in national level.



**Figure 11 : Empathetic Approach proposed: Strategies for the Betterment of the People**



Source : The Writer's Derived strategic model for the betterment of the people

### Unique Differentiation

It is important to understand the uniqueness of the BOP and its purchasing capacity and introduce products. Serving the BOP is not just about lower price or lower cost. Quantum jump in price-performance is essential to tap this market. This requires unconventional product development, brand building and integrated communication strategies which respect the BOP culture and create mutual trust and understanding.

### Localized Value Creation

BOP is not a homogeneous market where businesses can adopt a standardized approach like "Pizza Hut" and "Mc Donalds" franchising strategy. It is essential to consider the local community as customers and localized eco-systems (i.e. boutiques and vendors) as franchising mediums. This will lead to a dynamic cost effective and customer centric approach to help serve the BOP. This will also involve a lot of energy on capacity building and training for local communities.



## **Ecological Accessibility**

This requires innovative hybrid solutions. This cannot be done with existing technologies in the financial sector. It demands advanced and emerging technologies blended with local environments. To do this, a different kind of mind set is essential. Instead of blaming the lack of infrastructure in most BOP markets, private sector needs to be proactive and create the required infrastructure at BOP customers' doorsteps. It should understand and accommodate the low quality infrastructure (lack of electricity, lack of fixed lines or low voltage capacity) whilst milking new frontiers like the high penetration level of mobile phones and televisions.

## **Unique Alliance with Civil Society**

This needs new mind set of understanding and respect for BOP dignity. Local religious institutions, NGO'S and local government authorities should be considered as strategic partners, and utilize their expertise and capabilities to serve BOP. Education of customers on product usage is a must and providing timely information is essential. Educating less literate groups requires unique alliances with local civil societies.

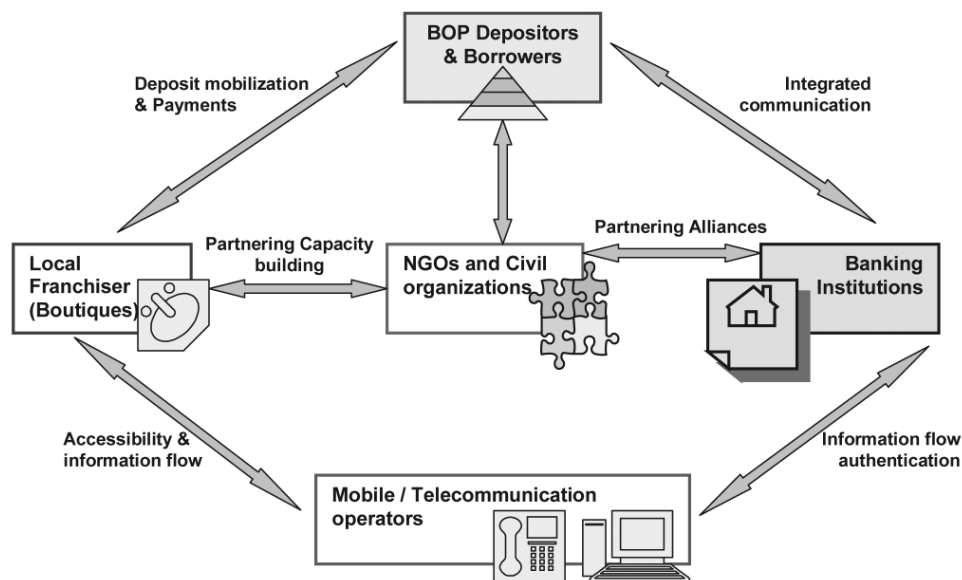
## **Creative Inclusion**

As Bankers, we are in the midst of challenges created by globalized economic paradigms and BOP realities. BOP market is largely untapped. For decades, bankers were responsible for transferring capital to different economic activities calling themselves the "**Life blood of the economy**" in self-glorification. It is a fact that there is a huge gap between conventional banking system and the BOP markets. This Gap cannot be bridged by the conventional approach in the traditional banking system and demands new strategic approaches, new business models and most importantly, a new mind set.

Therefore we propose a new business model to tap the BOP market specially in Sri Lanka which we call the "**Model of Creative Inclusion**". Even though this model is designed to meet the Sri Lankan socio-economic realities, it may be applied to most other developing nations too. However the model does not provide a final judgment nor can it be considered as "**The solution**". It provides only a Platform for Sri Lankan bankers to unleash their full potential.



**Figure 12 : Creative Inclusion: Proposed Business Model**



**Source :** The Writer's Derived Business Model for Creative Inclusion

Due to rapid development in Telecommunication, specially in mobile and CDMA phones, banking institutions have to re – create their business models to penetrate into BOP market.

Banking institutions can be operated in major geographical locations in rural areas of the country, build clustering business outlets by franchising the mobilizing of deposits and payments via local boutiques. The much needed connectivity and authentication can be done through telecom operators, where technology can be simple and affordable. Of course proper control mechanisms should be an integral part of this novel approach. Therefore partnering with civil society organizations is a pre-requisite. A simple example for deposit mobilization & payment via this model is explained below.

- Local franchises can be given floor limits to accept deposits as well as for payments. BOP customer could be provided an authenticated number via telecommunication.
- Using the telecommunication, banking accounts can be updated, for both BOP customers and the franchiser.
- Once the flow limit is reached, the franchiser should settle the net-inflow with the bank, and replenish the limit for further transactions.



This type of a model can be applied for micro financing and other lending needs of the BOP. This needs creativity and innovation from the banking institutions as already explained in this article.

This innovative business model provides wide accessibility, customer convenience and affordable technological solution for BOP. For the banking institutions it gives a cost-effective, low capital intensive, mechanism to approach the BOP market segment robustly.

The business model demands regulators and legislative authorities to radically re-think on the century old monetary enactments, requiring courage to introduce a simple and conducive legal and legislative framework. Easier said than done: but the truth stares us in the face. It is plainly simple - if the banking community continues to dwell in their comfort zones with traditional approaches, it is even possible that a strong telephone operator in the domestic market may rob the bankers' entire apple pie in the near future, long before the bankers realize the importance of the BOP market.

### **Serving BOP - is it CSR; and Opportunity or the Imperative?**

It is not a day dream that global bankers are becoming bigger by entering into emerging, markets all over the world. Banking giants are in China, and others are tapping at the doors of our big brother; India. Many global financial giants such as CitiGroup, Lloyds TSB, ABN Amro and Visa International are focusing on the 4 billion gold mine in the BOP, with neither "*Sympathy*" as Adam Smith proposed, nor as a sense of "*Corporate Social Responsibility*", the modern buzzword.

They are focusing on the BOP merely because the existing Markets they operate do not provide leverage to expand market share. Hence they are compelled to think on "*market creation*" as Christensen explained, and "*incubating disruptive innovations*" to serve emerging markets.

In this globalized business world the new rule in the game of survival is to serve BOP markets. ***It is probably more than a "market opportunity" but a "market imperative"***. Therefore Sri Lankan bankers ought to understand the ground realities and demand to be proactive in order to survive, else self-glorifying titles of bankers such as the '*Life Blood of the Economy*' and the "*Engine of the Economic Development*" may become a laughing point for future generations!



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