

LOLC Al-Falaah and CLC-IBD form Sri Lanka's largest Islamic finance player in the NBFi landscape



SRI LANKA

By Shiraz Refai

Under the non-banking financial institution (NBFi) sector consolidation plan announced by the Central Bank of Sri Lanka (CBSL), LOLC Finance (LOFC) has merged with its sister company, Commercial Leasing & Finance (CLC), to become the largest NBFi in Sri Lanka earlier this year.

The strategic amalgamation by two of the largest NBFis in the country steered the merger between LOLC Al-Falaah, Sri Lanka's most awarded and the household alternate financial services brand, with the industry's fastest-growing alternate financial services provider CLC-Islamic Finance, the Islamic Business Division of Commercial Leasing and Finance (CLC-IBD). The successive business model LOLC Al-Falaah will now continue to offer greater financial solutions with a stronger growth momentum.

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LOLC Al-Falaah and CLC-IBU, established in 2007 and 2015 respectively, have broken barriers by claiming many industry firsts. LOLC Al-Falaah holds the distinction of being the first-ever alternate finance business unit to introduce a regulated savings account, a debit card facility, a loyalty program dedicated for ladies offered through a dedicated service unit for female customers called 'Al-Falaah Ladies', a securitization equivalent Sukuk Ijarah, an overdraft facility equivalent called



'Wakalah Speed Draft' and a gold loan equivalent called 'Wadi'ah Gold Storage'.

Furthermore, the foreign funding received by LOLC Al-Falaah in 2016 from the Islamic Corporation for the Development of the Private Sector is also the first-ever foreign funding received by an alternate finance entity operating in Sri Lanka. CLC-IBD on the other hand had its own mark on the industry, being awarded with multiple accolades as the fastest-growing entity together with industry-leading growth indicators. LOLC Al-Falaah and CLC-IBD are regularly monitored and guided by able scholars with a blend of both local and international expertise ensuring the purity of all business transactions.

Propelled ahead with its powerful synergies, the combined entity will now offer its 360-degree alternate finance product portfolio with a wider reach and footprint in the country for its valued clientele. This historic merger consolidated the market capitalization of the merged entity to claim a market share of 60% in the NBFi sector.

The merged entity now has the largest outreach of branch network with a total of 210 branches, an active customer base of over 50,000, a total lending portfolio of over approximately LKR23 billion (US\$63.63 million) amounting to approximately a 59% market share and a deposit base of approximately over LKR12 billion (US\$33.2 million) amounting to approximately a 55% market share in the NBFi sector.

Undoubtedly, LOLC Al-Falaah is reaching new pinnacles within the

industry, with its widened customer confidence, trust and appreciation in catering to both SME and MSME segments as well as to the bottom-of-the-pyramid micro segment alike.

The merged entity, LOLC Al-Falaah, has many beneficial implications for stakeholders in general as it will give an escalation to massive efficiencies due to the combined expertise, branch network and technology platforms including iPay, LOLC Finance's digital payment platform which is winning accolades and fast becoming the number one preferred payment platform and lifestyle fintech product. The efficiency driven by the cutting-edge technological platform will style LOLC Al-Falaah to be the game changer in the industry.

Over the past decades, the prudent social discipline demonstrated by the company is evident in its serious commitments extended to conserve the triple bottom line. In the recent past, a majority of the contributions were made to uplift the educational and medical sectors of the country.

LOLC Al-Falaah functions directly under the auspices of LOLC Finance which is a regulated finance company of the CBSL, and is rated '[SL] A' with a stable outlook by ICRA Lanka. ☺

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