

Executive Summary

Seylan Bank PLC is a systematically important bank in the Sri Lankan financial sector which has supported immensely to the economic development of country, especially in financing small and medium scale enterprises while generating number of employment opportunities. The bank has been able to draw high customer base through touching customer hearts with the theme of 'Bank with a Heart'.

Seylan Bank PLC confronted with a sudden liquidity crunch which was triggered by its indirect exposure to a conglomerate of Ceylinco Group of Companies which also affiliated a non-regulated financial institution named: Golden Key Credit Card Company that created a credit card scandal in the country during 2008. Moreover, misunderstanding statement from then top management caused, depositors of Seylan Bank PLC to anxiously queue in front of banks, demanding their fund withdrawals.

In such context, Central Bank of Sri Lanka as the regulator prudently intervened to resolve the crisis faced by the bank by exercising its powers vested under the provisions of the Banking act and the Monetary Law Act. Since a high-profile bank failure could have disastrous consequences for the financial sector as well as towards the overall Sri Lankan economy.

Thus, Seylan Bank PLC implemented many strategic decisions under the guidance of the Central Bank of Sri Lanka to rebuild its image and strengthen its operations. Certain key initiatives included, Practices of Corporate governance best principles in compliance with industry norms, Change in management structure, Brand re-positioning and customer confidence re-building, Establishment of sound and transparent future oriented strategies and also effective human resource practices etc.

Accordingly, these turnaround strategy initiatives assisted Seylan Bank PLC to restore its business operations while re-gaining lost customer confidence within comparatively a shorter time period. The significant losses occurred due to sudden crisis were able to recuperate during past few years and the bank is operating as a competitive and innovative business entity today.