

Investment Proposal and Business Blueprint 2020



CEYLON DIGITAL FUNDING FORCE

A revolutionary fully
digitalised and AI-based
credit evaluation and
funding pioneer
in Sri Lanka



Bird's Eye View

Vision

Driven to be the best digital funding force in Sri Lanka.

Mission

Understanding your passion to borrow.

Tagline

"A Future Together"

Industries

1. SME Lending
2. Higher Education Sector
3. Investment Properties
4. Discounting Valuables
5. Fin-tech services

Core Products

1. SME sector funding
2. Higher education funding
3. Discounting client assets
4. Consumer loans
5. Real estate facilities
6. Pawning facilities

Unique Selling Points

1. Three co-founders with extensive and professional experience in the finance and credit sectors
2. A fully digitalised and AI-based operational framework with lower overhead costs, reduced errors, and higher customer servicing
3. Set to be a pioneering technology-based SME financing firm in Sri Lanka with an established competitive edge
4. Facilitate only proper requirements through pre-evaluation process

Investment

Startup: **LKR 50 million**
Growing: **LKR 100 million**
Stable: **LKR 500 million**

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Business Development Strategy

Phase I

Strategy Breakdown and Operational Plan Specifics
Phase I







		
Duration	Key Focus	Operational Platform
First year (12 months from inception of business activities)	Network building and initial proof of concept with 1,000 clients	Manually signed documents with digital agreements where possible
		
Offices	Products	Technology
1 office space (Kadawatha)	First 3 main products	Outsourced IT team

Table 1 - Phase I strategy specifics

The first 12 months of this new endeavour will be highly critical as it will allow Ceylon Digital Funding Force to establish a strong foundation and to build our initial network of clientele that will propel us forward. The Founders have all formulated extensive plans to ensure that there are no drawbacks when interacting with the traditional client groups in Sri Lanka as it is a known element that a fully-digital mechanism might lead to certain challenges, including the reluctance of lawyers to handle digitally signed agreements and the low levels of exposure to digital solutions among the general public of the nation.

Phase II

Strategy Breakdown and Operational Plan Specifics
Phase II







		
Duration	Key Focus	Operational Platform
Second year (12 to 24 month period)	Enhanced growth and acquiring 2,500 SMEs	Fusion of both manual and digital environments
		
Offices	Products	Technology
2 new office spaces (in two new provinces)	All 3 main products with extended servicing	In-house IT team and transitioning to an AI model and digital mechanism

Table 2 - Phase II strategy specifics

The second phase of the business development and growth plan of Ceylon Digital Funding Force can be defined as a “transitional phase” as our team will be making the transition from a traditional financial firm as highlighted in the first phase to a fully-fledged financial digital eco-system by the end of the third phase.

In order to make it a viable transition by 36 months, the Founders have strategised to ensure that there would be a cohesive traditional and digital operational service model by the end of the second phase (i.e. by 24 months).

While our unique selling points could garner an abundance of opportunities, the other key targets for this particular phase will be to acquire at least 2,500 clients from our SME sector, in addition to educational, and other product portfolios. This would act as a catalyst that drives business growth at a swift pace as well as a financial boost to our company’s funds and assets. These resources will be efficiently utilised to implement the technologies of the third phase.

Phase III

Strategy Breakdown and Operational Plan Specifics
Phase III







		
Duration	Key Focus	Operational Platform
Third year (24 to 36 month period)	Integration of AI and fully digital technologies and acquisition of 5,000+ clients	Digital agreements and platform wherever possible
		
Offices	Products	Technology
9 office spaces (in all nine provinces)	All 3 main products plus interconnecting small businesses via our eco-system	Fully managed by our own IT team under IT Director with a complete AI and digital eco-system

Table 3 - Phase III strategy specifics

The Founders of Ceylon Digital Funding Force have envisioned covering all the regions of the island by the end of the third year. As a result, at least all nine provinces of Sri Lanka should be a target market area for the company. It should be noted that while traditional financial firms might have to rely on multiple offices in each province or even in each of the 25 administrative districts, our company's strong virtual eco-system will ensure that we would only require a total of 9 offices for all the nine provinces.

As clearly evident, this will lead to a drastic decrease in the overhead and operational costs of the proposed financial firm and open the doorway for increased profit margins for all the shareholders and investors.

Product and Services Portfolio

1. SME Credit Provision

The researches propounded by Gamage (2015) and Menike (2015) has outlined why there is a **vibrant market opportunity** in funding small and medium-sized enterprises (SMEs) in Sri Lanka. These include:

1. Existing banking corporations are not eager to lend to SMEs
2. Owners of SMEs are not properly aware of funding and financial services available in the nation
3. Lack of user-friendly online and digital SME funding services in Sri Lanka
4. SMEs accounted to up to 82% of all firms of Sri Lanka (2015).



Due to the above-listed reasons, the founding team behind Ceylon Digital Funding Force has prepared to focus extensively on funding the SME sector of Sri Lanka as this will ensure a **steady line of viable clients** as well as open the gateway to achieve one of our ultimate aims of the third phase - the formation of an **eco-system** that mutually benefits the involved stakeholders.

Further scrutiny revealed that the logistic regression analysis and qualitative analysis carried out by Menike (2015) affirmed the presence of stumbling blocks for the ownership of small and medium-sized enterprises in acquiring credit. For example, 45% of all SME respondents in the research survey stated that current banks did not efficiently understand their SME requirements while 87% confirmed that banks insisted on gigantic collateral and security for any kind of SME funding.

All these factors indicate the existence of obstacles as well as potential opportunities that Ceylon Digital Funding Force could transform in to a solid business operation. The introduction of an AI-based and end-to-end digitalised framework will ensure that the owners, financial managers, and investors of SMEs of Sri Lanka reap momentous advantages that further aid and guide their own businesses to prosperity.

Significance, Justification and Social Contribution

The Sri Lankan researcher Menike (2015) has authored a journal paper that has identified through official and reliable sources that SMEs take up 82% of all firms in Sri Lanka (number of firms). Furthermore, Menike (2015) as well as Gamage (2015) have revealed that SMEs are significant drivers of growth and development of the Sri Lankan economy due multiple reasons as presented subsequently.

- SMEs encourage entrepreneurship
- SMEs generate employment
- Results of successful SMEs could include reduced poverty
- Even credible SMEs find it challenging to have access to capital
- Backward linkages will be strengthened.

Our Eco-system and SME Backward Linkages

As explained by Hynes, Kwan, and Foley (2020), “**backward linkages**” are the networks created between a cluster of businesses and industries and can be defined as the channels through which **information**, **material**, and **finance** flow. As Menike (2015) has affirmed through a research focussing on Sri Lanka, these are important for strengthening localised economies and employment.

It is the aim of Ceylon Digital Funding Force to utilise this opportunity to develop our own **eco-system** in which small and medium-scale manufacturers, suppliers, retailers, service providers, and other firms are able to co-exist and benefit from each other. This will also cement the position of our own company as our financial prowess and marketing positioning will be elevated. Furthermore, as this is combined with our technology and data analytics, our business operation will be extremely valuable.

2. Educational Loans

Ceylon Digital Funding Force will partner up with selected and compatible educational institutions to act as the financing party of the institution with regard to lending loans to their employed and earning students. Consequently, a “**tripartite agreement**” will be established with our firm, the institution, and the involved student.

Standard financial viability assessments and evaluations will be carried out by our organisational members for each educational institution and then further assessments will be completed on a per-student basis.

While the loan interest rates will be the same as the prevalent market rates, our competitive advantage that will penetrate this particular market segment will comprise the benefits evaluated subsequently.



1. **Online loan applications for students**

A majority of our target student crowd are well-versed in online transactions and our online loan application facility will both be attractive, time-saving, and a unique selling point.

2. **Hassle-free instalment mechanism**

Students can pay back in instalments that are hassle-free as this will allow online-based payments with extended technological facilities.

3. **Automatic digital payments to institution**

The academic institution will receive the payments to their bank accounts automatically

4. **Online IA and loan progress visualisation**

As part of our technology-based strategy, online evaluation through IA will be conducted and in addition to these benefits, the progress of the loan can be visually seen through the online CDFF app.

5. **An intuitive online profile for each employed student**

Each employed and earning student will have his or her own profile in the upcoming CDFF app and this results in a more modern and interactive solution for students.

Significance, Justification and Social Contribution

The Sri Lankan research formulated by Kuruppu (2016) of the University of Moratuwa has found out through a research survey that the education level of a business owner or entrepreneur as well as a professional is one of the most significant attributes of success. This was found out to be true especially when evaluating individuals and SMEs for business loan provisioning and funding.

3. Asset Discounting Facilities

Asset discounting services, which includes draft facilities, will be another significant segment of the proposed business model. A pre-approved credit limit based on the security or collateral of the potential applicant will be adopted herein. The Co-founders of Ceylon Digital Funding Force have all taken the decision that asset discounting facilities will be provided for both immovable and movable loans and this will result in a broad market space for the business.

Due to its inherent nature, asset discounting is a fairly low-risk venture and the previous professional experience in this industry sector will ensure that the founding team is able to resolve any challenges and take optimal use of the available opportunities in the developing economy of Sri Lanka.

Our AI Strategy

A completely integrated technological operational framework that is dependent on an artificial intelligence strategy is one of the chief pillars that act both as a foundation for our company and as a driver of incremental success. The fact that AI-based financial services are not fully operational in the SME

credit and other related areas of Sri Lanka is a predominantly strong reason that led to the formulation of our endeavour. This opens up a potentially profitable market opportunity in Sri Lanka and this opportunity will be utilised to the fullest by Ceylon Digital Funding Force within the upcoming three years.

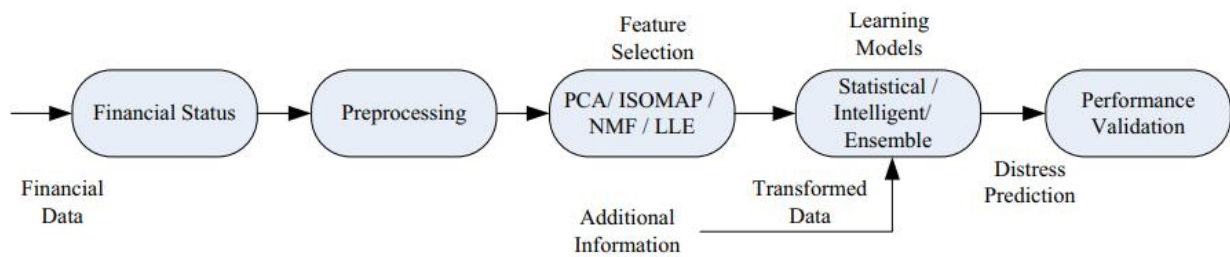


Figure 1 - Pipeline of sample financial credit risk assessment

Sample AI Mechanisms

As the diagram presented above shows, several AI-based mechanisms and features are available. For example, as described by Qu and Cai (2017), isometric feature mapping or "ISOMAP" is a popular learning technique that is widely used in **dimensionality reduction** and **data visualisation**, which are important for financial institutions and associated systems.

Dimensionality reduction has been defined by Águila, Efremenko, and Trautmann (2019) as the process of arriving at a principle set of variables that offer a more meaningful outcome for the processed data.

It is our plan that through our outsourced technology partner that the AI learning models will incorporate **statistical** and **intelligence** techniques where additional information can also be processed. This

results in a creation of valuable and **enormous datasets** that would further enhance our position in the market while heightening our **competitive advantage** in Sri Lanka.

Strategy Classification and Breakdown

The survey of Bahrammirzaee (2010) has identified three core domains in the financial market:

1. Credit evaluation
2. portfolio management
3. Financial prediction and planning.

It is our aim to automate and digitalise all of the above three core set of activities by phase III, which will result in a drastically higher competitive edge as well as a unique selling point that will draw in customers.

Automated Credit Evaluation of Customers

The technique of evaluating the “credit worthiness” of a corporate entity or an individual who is applying for credit was invented and used for the first time in the 1950s (Bahrammirzaee, 2010).

CDFE will ensure that both manual and IA as well as AI-based credit assessments are carried out on each customer, including for all

three of our SME, educational, and discounting services segments.

Our brand should be able to ensure a highly accurate credit evaluation mechanism based on the CAMPARI method that benefits not only our firm but also our customers by the provisions of a quick, user-friendly, and exciting facilities.

Our Credit Evaluation Strategy



Analysing and scouting for clients

A carefully planned searching process for ideal clients, including SMEs and educational institutions.



Collecting data and AI-based analysis

Both manual and digital processes will be utilised for the initial phases and all data will be subjected to AI-based credit evaluation.



Manual specialist supervision

To support and enhance evaluation tasks, manual supervision from experienced managers will be added.



Signing with only viable clients

Clients will be accepted only after the clients have passed both the AI/digital and manual credit evaluation.

Figure 2 - Four principle steps of our credit evaluation strategy

Advantages of AI and Digitalised Financial Services

Financial Error Reduction - The McKinsey Global Institute Research (Manyika et. al., 2017) has identified that an automated financial service workflow results in up to a 50% reduction in errors. However, for this to occur, an end-to-end digitisation is required. As a result, our company will target this by phase III.

Time-savings and working hours - The research report of Manyika et. al. (2017) has

identified that up to 43% of the total time spent by human labour in financial industries can be saved if automation is applied completely.

One of the key strategies by which this can be achieved is via the implementation of artificial intelligence to handle data collection and processing activities in finance operations.

Our Threefold Growth Avenues



Proven and highly qualified financial and credit industrial specialists

The combined experience, skills, and effort of the **three co-founders** in a productive collaboration with prolific **investors**, internal members, and other stakeholders to drive forward a highly **viable business**.



A technological backend with enhanced productivity and profit margins

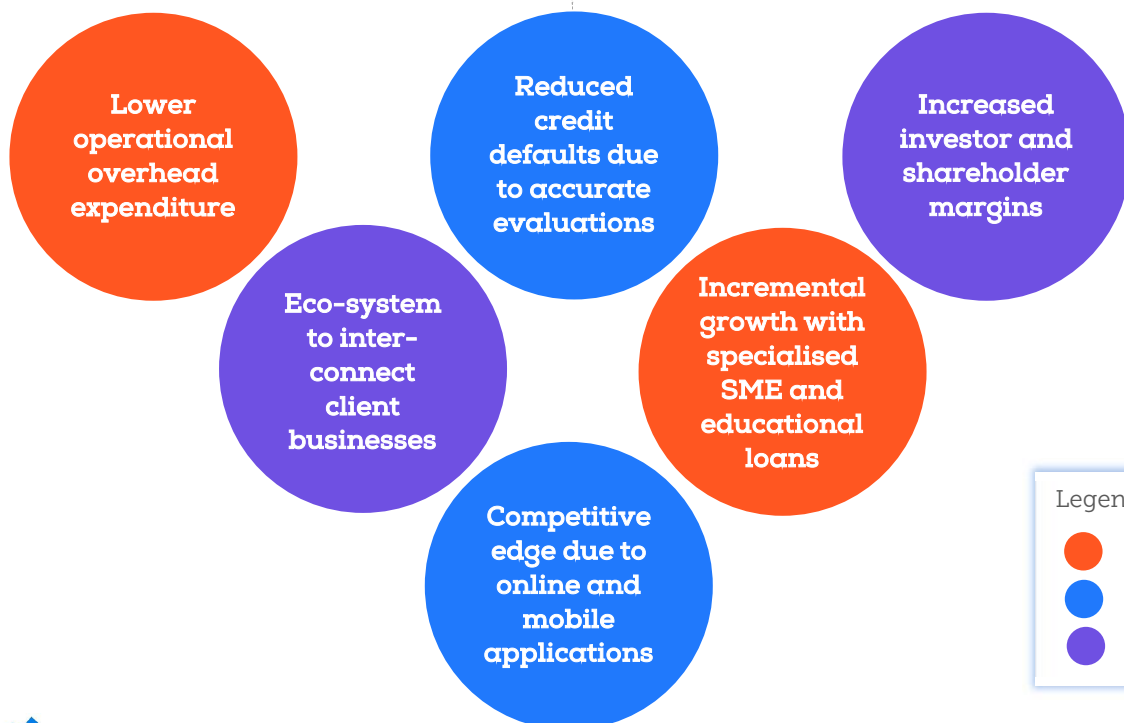
Modern technologies and strategies that will ensure a **competitive edge** while offering increased **productivity gains** and **profit margins** within an **analytical framework** that complements our AI-based solution.



Customer-focussed AI-based servicing and mobile credit facilities

An integrated **artificial intelligence** and **big data** solution that enables a streamlined credit risk assessment married to a **user-friendly online** and **mobile** servicing platforms for our clientele.

Integrated Key Benefits



Legend

- Immediate
- By phase II
- By phase III

SWOT Analysis

S **TRENGTHS**

- Unique market positioning due to AI and digital eco-system
- Lower overhead and operational expenses due to virtual mechanism
- Experienced team of co-founders who are proficiently skilled in this market domain

W **EAKNESSES**

- Lack of previously proven AI-based financial lending framework

O **PPORTUNITIES**

- No other popular Sri Lankan alternative that utilises AI and a digital eco-system for SME loan lending
- Lack of proper competition for SME and academic loans in Sri Lanka

T **HREATS**

- Lower digitalisation levels in certain regions of the country
- Lawyers reluctant to deal with digital-only agreements

Figure 4 - SWOT Analysis

Overcoming Threats and Weaknesses

After a careful review of these potential threats and drawbacks, the Founding team has taken the decision to **outsource** the operations that the current organisational team is not experienced in and this results in two key benefits:

- Significantly **reduced risk** on the part of the internal company stakeholders
- Formation of **outsourcing partners** in technological and other skilled fields who will be a valuable source of future benefits to our company.

Taking Maximum Advantage from Marketing Opportunities

It is well known that the financial industry of Sri Lanka has blossomed in recent years despite a few catastrophic incidents. The market opportunity for a developing economy is immense (Gereffi and Frederick, 2010) and therefore any new business should capitalise on these opportunities.

Success is **time-sensitive** (McSweeney and Winklerprins, 2020) and a more streamlined swifter operation will result in a higher **competitive** edge for our company.

Financial Growth Forecasts

Key Financial Indicator Forecast

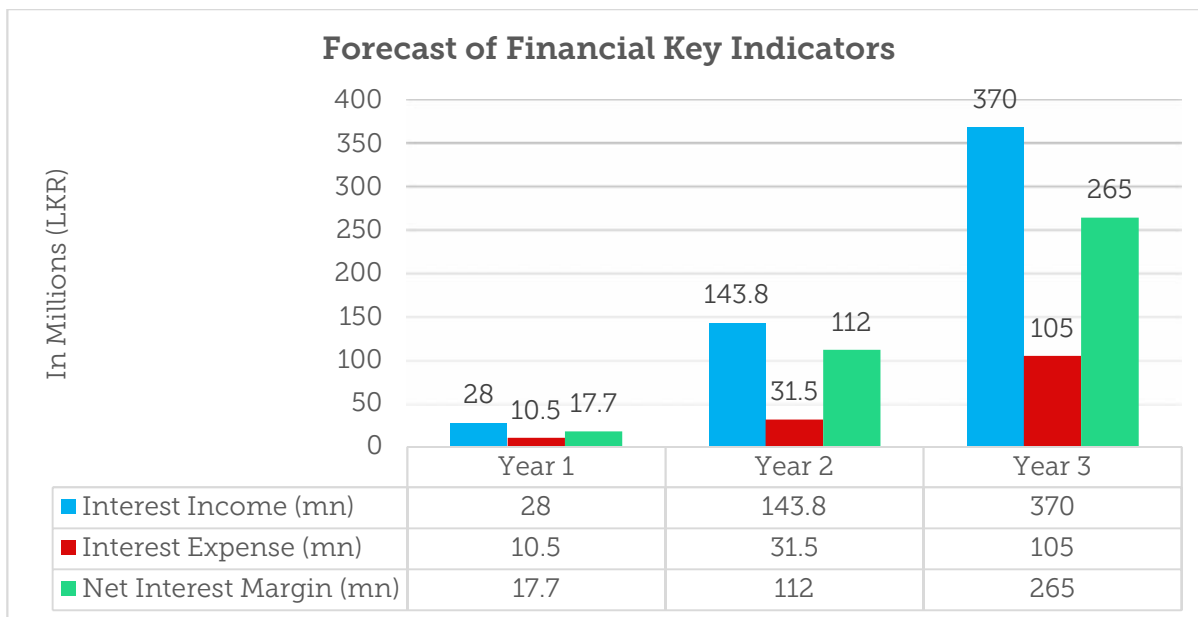


Figure 5 - Three year forecast of planned financial performance

Portfolio Growth Forecast

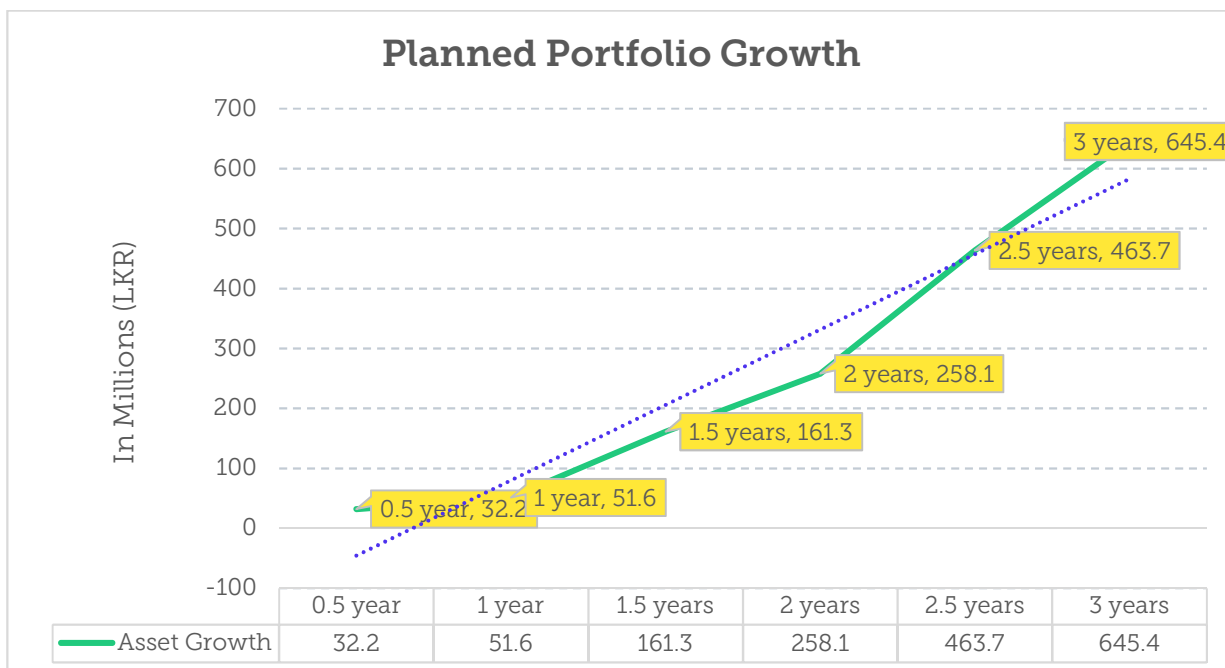


Figure 6 - Three year forecast of planned asset growth

Income Growth Forecast

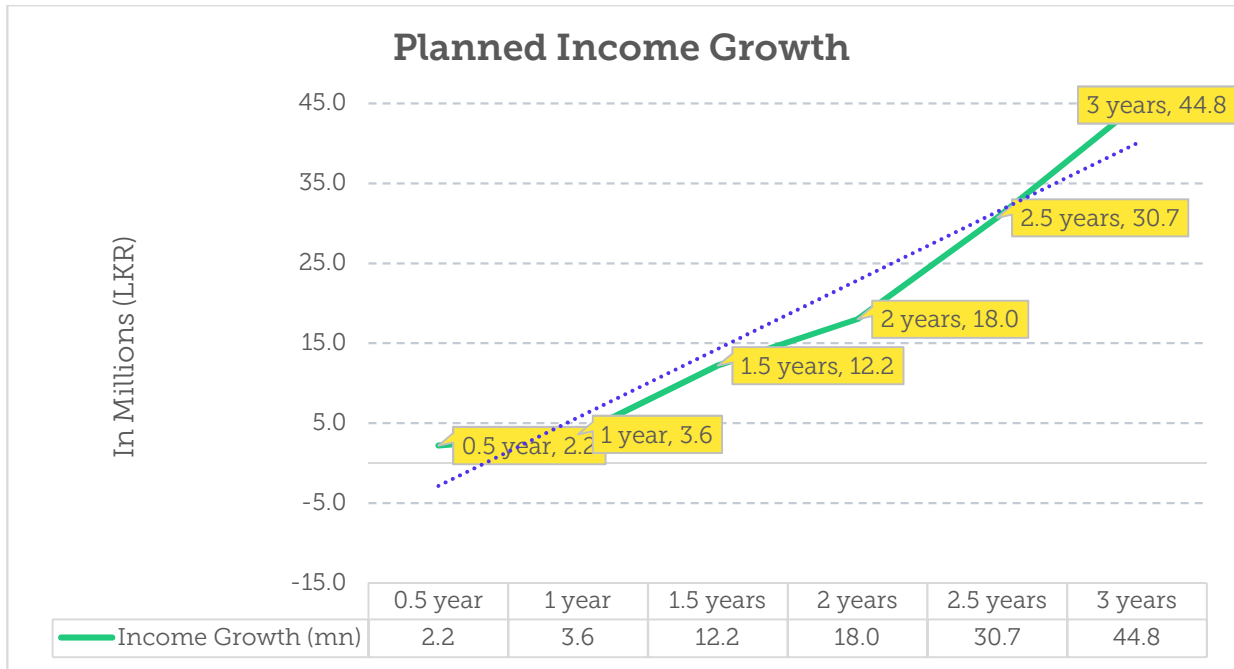


Figure 7 - Three year forecast of planned income growth

Non-Collection Portfolio Growth Forecast

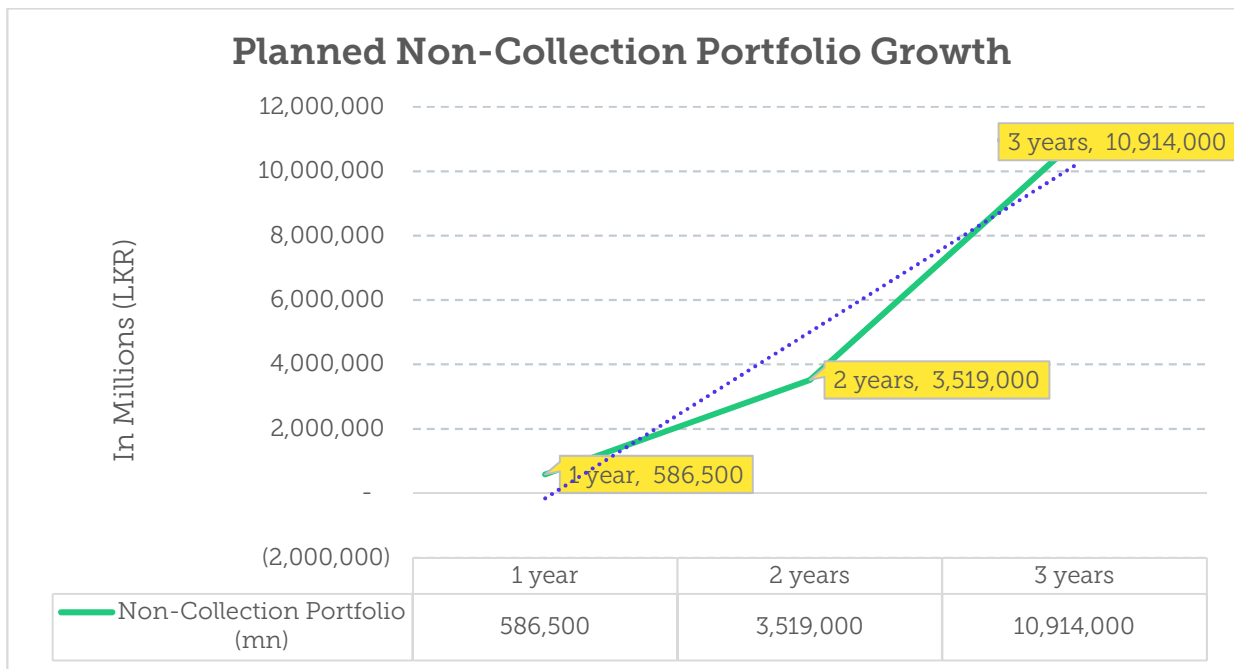


Figure 8 - Three year forecast of non-collection portfolio growth

Strategies to Achieve Proposed Financial and Asset Growth

A - Leverage technological techniques to capture the market and attract customers:

As one of our unique selling points is our fully digitised and AI-based operational framework that provides user-friendly convenience, we can leverage this to attract potential customers. This will result in a competitive edge, especially in the SME and academic credit market segments. While this would result in higher customer acquisition as well as increased productivity,

B - Reduced risk due to extensive, accurate, and data-driven credit risk evaluation:

A careful, comprehensive, and manually supervised credit risk evaluation of all customers and companies will result in reduced non-performing loans and increased revenue and profit margins. This converts to a more positive asset growth in the long-run. Moreover, the data-driven and technology-based credit evaluation, risk assessment, and financial planning will result in further contribution to a more profitable business operation.

C - Promotional campaigns that target viable industries and geolocations:

While acquiring an increased count of customers and loan disbursements is a primal priority, our mechanism will also focus on acquiring viable small to medium-scale businesses and customers, in addition to student academic funding, within a targeted plan. This particular targeted plan will have a higher concentration of resources on regions that are more economically feasible for our operations, including semi-urbanised towns of Sri Lanka.

Similarly, our officers will be trained to pursue feasible SME industries that have a historic ability to be sustainable in both the immediate and long-term future. Our promotional campaigns will incorporate these factors and ensure a highly profitable outcome with a minimal level of errors, inaccuracies, unexpected fluctuations, and losses.

A Solution to Combat Crisis

The global society will be subjected to global catastrophes from time to time, and these include both severe financial downturns, including the 2008 financial crisis, and unfortunate pandemics, including the recent COVID-19. The insightful report by researchers Mudalige et. al. (2020) has recommended the adoption of a long-term strategy to overcome major tragedies that Sri Lanka might face in the future. This same report by Mudalige et. al. (2020) has advised corporations and other entities to implement sufficient diversification, accelerate the upskilling of employees, evaluate the business model to access new markets, as well as invest in technologies that result in improved processes.

As evident from the business blueprint of Ceylon Digital Funding Force, it is apparent that the proposed model ensures all of the above-mentioned strategies and as a result, will empower the company and other stakeholders during periods of growth as well as global crises.

Category Breakdown of Portfolio Growth

SME Funding	Higher Education Funding	Asset Discounting	Other Services
Phase I - LKR 50 million			
70%	20%	10%	0%
Phase II - LKR 150 million			
70%	20%	10%	0%
Phase III - LKR 500 million			
50%	25%	15%	10%

Table 4 - Category breakdown of estimated growth

Competition Analysis

Despite the lack of direct competitors in Sri Lanka who will adopt a fully digitalised and AI-based operational framework and whose prime target are SME clients, major retail and commercial banking firms can be considered to be indirect competitors. As a commonly known fact, the banking and financial sector of Sri Lanka has been blossoming throughout each type of economic scenario over the past few decades.

Strengths of Indirect Competitors

1. Established brands with a few decades of operational experience.

Drawbacks of Indirect Competitors (Opportunities)

1. In most scenarios, does not provide convenience and a line of credit for small-scale enterprises, which has created an opportunity for CDFF
2. No widespread adoption of AI and a fully digitalised operational approach that could attract and support clients
3. Lack of user-friendly and proper mobile-based solutions to facilitate financial services.

Key Metrics

The accurate, periodical, and transparent recording, analysis, and presentation of key metrics is of vehement importance for any organisation operating in the financial sector. The Management of Ceylon Digital Funding Force will take in to account a wide array of metrics and the most vital of these are critically discussed subsequently.



Figure 9 - Domains of primary metrics and indicators

Credit Metrics

As a credit and lending firm, the performance of all disbursed loans is one of the most critical factors of success. A customer assessment, including students for academic loans and customer business evaluation for SME loans, will be carefully undertaken before the provision of credit for every single application.

This procedure will be made more convenient, faster, and less error-prone with the integration of our proposed digital and AI-based credit risk evaluation solutions. However, it is important that a manual supervisory mechanism is also put in place with the Founding partners and Upper Management members directly approving each customer and each loan application.

The Key Metrics

The three key metrics related to credit and customer evaluation are:

- Credit risk evaluation score
- Customer evaluation (for both SME, Education, and Draft products)
- Customer business feasibility study (for SME products).

How our team will manage credit metrics successfully?

As all three co-founders are enriched with a credit and financing background, these metrics and associated activities will be easily manageable due to the aggregate previous experience and knowledge. Interacting with customers and maintaining customer relationships is a challenging task but with the proper experience, efficiency can be achieved.

Employment Performance Metrics

Employees, including mid-level and frontline managers, are significantly important to both short-term and long-term success of our financial firm. Only the most suitable candidates with the appropriate experience, qualifications, and talent should be considered as eligible for recruitment as the employees form the “face” and “body” of our firm. Technological skills, including computing and soft skillsets, will be a primary area of focus as the proposed company will be heavily based on modern technology.



The Key Metrics

- Work productivity and efficiency
- Target achievement rates
- Annual appraisal score.

How our team will manage employee-based metrics successfully?

All recruited employees will be properly trained and subjected to the direct supervision of the Upper Management with all employee orientation, appraisals, training, and promotions carried out under a systematic approach. All employees will be encouraged to treat all customers with respect, dignity, and honesty as this is crucial to the success of not only the employees but our entire company. Additionally, we will emphasis on focussing on employees who are equipped with experience in the SME sector and a strong client base and powerful networking capabilities.

Organisational Financial Performance Metrics

The Key Metrics

- Return on assets ratio (ROA)
- Periodical net profit
- NPL ratio (non-performing loans)
- Return on equity
- Quick liquidity ratio.

How our team will manage financial metrics successfully?

All of the above-listed financial performance factors have been thoroughly evaluated by all three co-founders throughout their professional and academic careers. The previous experience as well as the benefits from our computerised, AI-based, and analytical framework will ensure a professional, productive, and properly executed outcome.

CAMPARI Lending

Why Have We Adopted a Lending Model?

A lending model is an essential piece of any financial lending organisation. According to the journal research of Owusu-Dankwa and Gyamfi (2013), a lending model outlines and describes the policies, procedures, regulations, and other structures that should be followed when granting financial assistance, funds, or credit to customers.

The Founding members of Ceylon Digital Funding Force have studiously analysed the "CAMPARI" method. It is the strong belief of the Co-founders that this particular mechanism or a similar technique should be

used for the proposed business operations as it will result in a number of benefits for our company as listed herein:

1. Offer a standardised framework within our informal lending operational platform
2. CAMPARI is widely accepted and a leading technique
3. All internal members will learn to work according to the model and this enhances our work efficiency
4. Reduction of adverse impact due to risks and a higher profit margin for the business.

Analysis of the CAMPARI Approach and its Elements

Nyangara (2013) has explained that CAMPARI is a mnemonic for the following seven elements:

- | | | | |
|--------------|------------|--------------|---------------|
| 1. Character | 3. Margin | 5. Amount | 7. Insurance. |
| 2. Ability | 4. Purpose | 6. Repayment | |

For the proposed business endeavour, funding is an integral component and one of the preliminary requirements for this particular product focuses on the borrower or the customer. The borrower and the SME business project evaluation are critically important facets for the success of our own company and it is important that a proper framework is adopted by our internal members.

According to the research of Zalitis, Mavlutova, and Mavlutov (2014), there are multiple methodologies to accomplish the evaluation of financial positions as well as the trustworthiness of potential borrowers and enterprises. These are referred to as the base principles of successful lending and the

CAMPARI model is one such leading technique. Other alternative methodologies include the 5C's (Baiden, 2011) and PARTS mechanisms.

The attribute "character" requires an assessment of the customer's character and as Zalitis, Mavlutova, and Mavlutov (2014) have discussed, the attribute "ability" refers to the capability of the customer to complete loan obligations within the stipulated timeframe. "Margin" refers to the profitability for the lending firm and the other elements are self-explanatory. The new company should further focus on the "Repayment" attribute as it requires the adoption of a standardised repayment structure.

Risk Management and Mitigation

As explained by multiple researchers specified in this document, technology and data-driven financial solutions open the doorway to a number of benefits. However, industry leader Faggella (2014) have cautioned all fin-tech companies and big data plus AI solution providers. This caution arises from the potential challenges, risks, and drawbacks of these technological solutions.



The Co-founders of Ceylon Digital Funding Force have planned to be a transparent company where all possibilities and outcomes, including advantageous scenarios as well as risks, are both identified and addresses. This results in a more realistic and practical business operation where transparency can be witnessed by the investors and other major stakeholder groups.

Faggella (2014), who is a member of a global research body, has identified these concerns to fall under four primary domains:

1. Privacy issues
2. Ethical concerns
3. Legal issues
4. Actual effectiveness
5. Technical developer drawbacks.

The recent journal paper of Wall (2018) have warned the financial services industry that management or employee-level supervisors is required for any AI-based or similar platforms as the potential risks are high. Specifically, Wall (2018) has stressed that the AI should not be utilised to undermine the goals of existing regulations, which in the case of Sri Lanka, include the laws and regulatory framework of the Central Bank of

Sri Lanka (CBSL) and other associated international authorities.

The Co-founders of Ceylon Digital Funding Force have taken initiatives to collect and study these applicable laws and regulations in order to ensure a successful and legal enterprise at all stages of operation.

Despite these challenges and risks, fin-tech services and solutions are set for increased adoption throughout the world. For example, Liebergen (2017) have found out that a few banks operating in developed nations have actually utilised machine learning and modern technology for several years to tackle credit card fraud successfully.

In order to resolve these issues and mitigate risks, Ceylon Digital Funding Force will implement strategies that include human or manual intervention when needed and during the initial three phases, for each customer and loan application.

The Founding team of Ceylon Digital Funding Force is confident that the proposed AI and data-driven new technological solution will be a novel strategy in Sri Lanka and that all risks and issues can be resolved in an effective manner.

Technology Specification

As a technology-oriented firm, Ceylon Digital Funding Force has placed a strong emphasis on its technology requirements. This comprises both software and hardware specifications, including our online and mobile-based solutions, AI and data-driven mechanisms, as well as our overall digitalised operational platform.

Following a careful study of multiple published literature, including that of Bada (2012), the following plan was formulated as the initial proposed technology specification.

Specification	Mechanism	Responsibility	Completed by
Computing hardware equipment	Acquired through third-party suppliers after quotations and feasibility studies	Internal and in-house team	Phase I
Internet services	Acquired through the most suitable Sri Lankan service providers	Internal and in-house team	Phase I
Computer networking infrastructure	Acquired through third-party suppliers after quotations and feasibility studies	Internal and in-house team	Phase I
Online informational and financing services	Outsourced to technology partner (responsibility of technology partner)	Technology partner	Phase I
Office and administration software	Outsourced to technology partner (responsibility of technology partner)	Technology partner	Phase I

Table 5 - Technology and computing specification plan

Ceylon Digital Funding Force aims to be leading financial services providing firm of Sri Lanka with an advantage that is based on its technology-oriented revolutionising strategy.



Human Capital

The investors and shareholders of Ceylon Digital Funding Force invest not only in our revolutionising digital and AI-based credit operations, our highly viable product portfolio, and our business plan but also in our prolific **"human capital"**.

Renowned researcher Schultz (1961) analysed this ideology six decades ago in his research titled "Investment in Human Capital". Western industries have grown at a comparatively rapid rate due to the emphasis on human capital and this is recognised by Schultz (1961) as one of the most distinctive features of their economic success. Expressing equivalent conclusions, the reputed research of bygone centuries, Marshall (1890/1922), have stated that **"the most valuable of all capital is that invested in human beings"**.

The Founding team at Ceylon Digital Funding Force have understood this factor and this is the reason that all our three Co-founders have acquired relevant **experience, skillsets, and knowledge** within a **professional** capacity through the years. Similarly, it is our operational plan to ensure that all labour inputs and contributions within our internal team are efficient, productive, and matches our vision. Moreover, we will ensure that all members possess already proven performance.

How CDFF Practically Applies the Human Capital Theory?

A - Through a revamped **operational framework:**

1. Recruit talented, proficient, and skilled employees who contribute to the company's overall success in a productive manner
2. Ensure a prominent emphasis is placed on the education levels and training of all internal members in order to present a cohesive service to our clientele.

B - Fully understanding the requirements and preferences of our **clientele:**

1. All customer, company, and credit evaluations and assessments will be subjected to a manual review in phase I and in later phases, an AI-based evaluation system will be implemented
2. Only lend to clients who have been evaluated and approved by the Management and ensure customers are capable of using the provided credit in a financially sensible and socially productive way.

C - A periodical and specialised credit, customer **monitoring mechanism and **risk resolution**:**

1. Risk is a vehemently important factor of financing organisations and our company will implement a suitable risk identification, evaluation, mitigation, and resolution framework
2. Regular and periodical monitoring of existing customers and provisioned credit will be conducted in order to minimise any discrepancies and problematic issues.

The Founding Team

Ceylon Digital Funding Force was a result of the extensive planning and collaborative workforce of three partners. As a company with three co-founders who are versatile and enriched with decades of direct experience in the finance, banking, and microcredit industries, the new company will be able to harvest this aggregate benefit in a fruitful manner.

One of the other core advantages of the founding team is the fact that the foundation

is built on amicable camaraderie and a professional working relationship that has witnessed success in their respective previous organisations.

The clear division of upper management duties and responsibilities under a harmonious and mutually respectful mechanism will ensure a seamless and smooth flow of business operations in all three phases as well as in subsequent years.







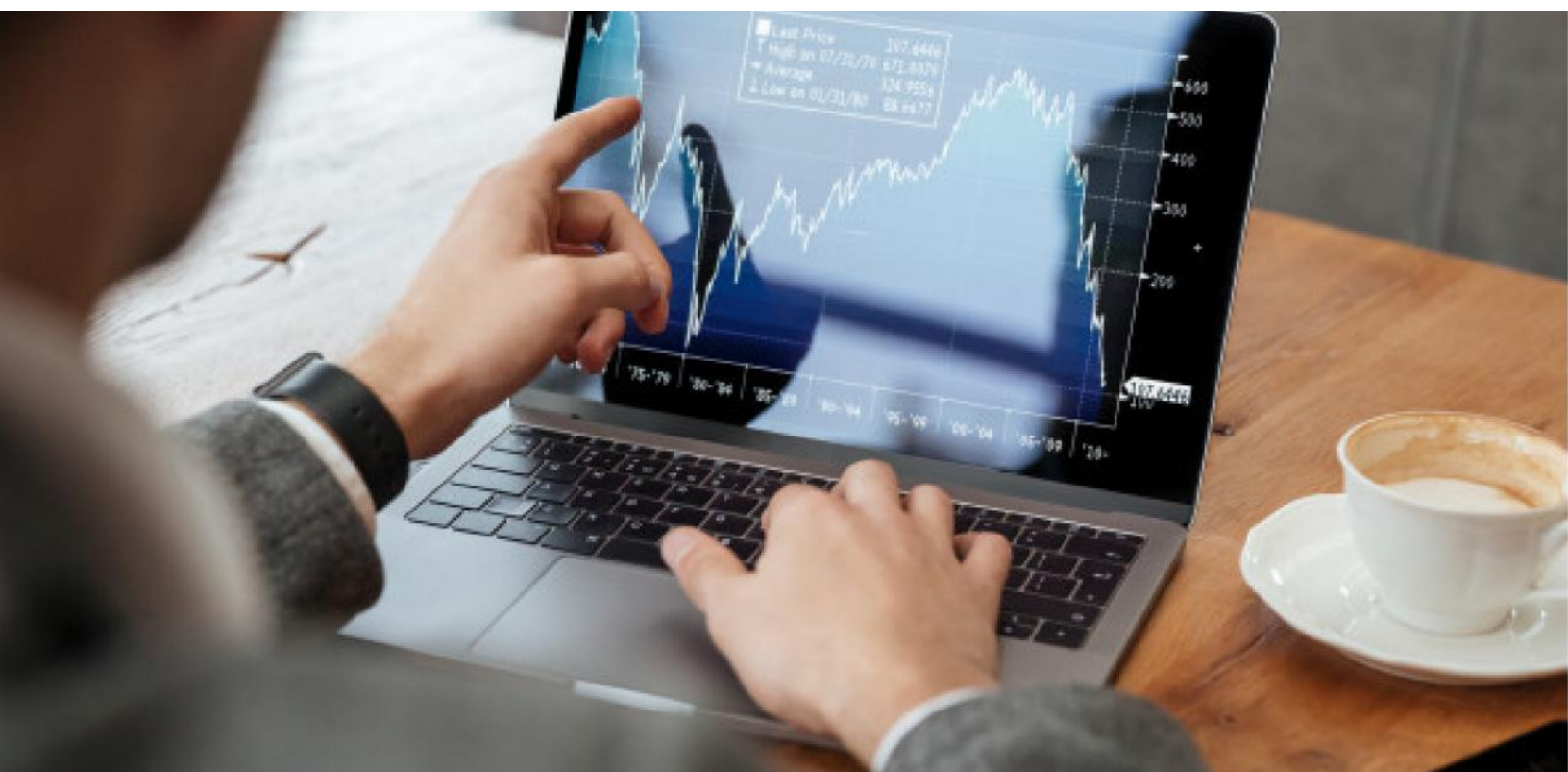
		
Jayakumara de Silva	Sudesh Jeewantha	Sameera Ivan
		
<p>Co-Founder and Managing Director</p>	<p>Co-Founder and Head of Portfolio Management</p>	<p>Co-Founder and Head of Operations</p>
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<p>Strengthened with 17+ years of professional experience in the finance and banking sectors</p>	<p>Equipped with 16+ years of professional experience in microfinance and associated industries</p>	<p>Enriched with widespread experience related corporate-level operations</p>
<p>Held multiple Departmental Head and Management designations at leading financial institutions of Sri Lanka</p>	<p>Experienced and skilled in credit evaluation, loan disbursement, credit facility processing, as well as staff administration</p>	<p>Held multiple designations associated with operational and management domains within the finance and credit sectors of Sri Lanka</p>

Figure 10 - Executive summary of the Founders

Investment Structure

Share Distribution and Investment Mechanism

- A maximum of **40% of shares** will be given to investors and other external shareholders, which results in at least 60% of the new company owned by the three co-founders or any other future internal company Director(s)
- The minimum initial investment required to kick-start this exciting endeavour will be **LKR 50 million** (for phase I) and for this investment, up to **15%** of the company can be acquired
- The investor(s) will be able to acquire up to **35%** of the new company if the next **LKR 100 million** of phase II is provided
- The required investment amount for phases I and / or II can be provided by the investor(s) as a direct investment or as a **loan** and the interest rate can be agreed upon at the time the loan will be provided
- It is not mandatory for any investor(s) to provide the LKR 100 million capital in phase II as our company will be able to acquire a loan at that stage
- Future IT Director or outsourcing technology partner would receive shares to establish his / her ownership for the provided IT expertise.



Projected Profit and Loss Statement

The projected profit and loss statement after tax based on industry averages and the studies carried out by the Founding members is presented herein. All monetary figures are in Sri Lankan Rupees (LKR).

	FY 2020/21	FY 2021/22	FY 2022/23	Grand Total (3Y)
Interest Income	28,183,365	143,783,460	370,000,238	541,967,063
Interest Expense	10,500,000	31,500,000	105,000,000	147,000,000
Net Interest Income	17,683,365	112,283,460	265,000,238	394,967,063
Fee and Commission Income	10,350,000	51,750,000	130,500,000	192,600,000
Fee and Commission Expense	3,450,000	17,250,000	43,500,000	64,200,000
Net Fee and Commission Income	6,900,000	34,500,000	87,000,000	128,400,000
Other Income	N/A	N/A	N/A	N/A
Total Income	24,583,365	146,783,460	352,000,238	523,367,063
Credit Impairment Charges and Other Provisions	518,500	2,660,500	7,395,000	10,574,000
Net Operating Income	24,064,865	144,122,960	351,260,738	519,448,563
Staff Costs	7,110,000	15,075,000	29,430,000	51,615,000
Infrastructure Costs	3,900,000	2,400,000	3,600,000	9,900,000
Administration and General Expenses	532,000	602,000	1,430,000	2,564,000
Litigation Charges	500,000	1,000,000	1,000,000	2,500,000
Operating Expenses	12,042,000	19,077,000	35,460,000	66,579,000
Profit/(Loss) Before Tax	12,022,865	125,045,960	315,800,738	452,869,563
Taxation	1,803,430	18,756,894	47,370,110	67,930,434
Profit/(Loss) After Tax	10,219,435	106,289,066	268,430,628	384,939,129

Table 6 - Projected profit and loss statement

Cashflow

The formulated cashflow of Ceylon Digital Funding Force for the next three-year durations of operations are presented herein. These statements were carefully prepared and checked by the Founding Team of CDFE and all monetary figures are in Sri Lankan Rupees (LKR). The cashflow have been categorised in to three statements based on the

2020/2021												
DESCRIPTION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
INVESTMENT	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	30,000,000	40,000,000	40,000,000	40,000,000
EXPENSES	757,000	757,000	757,000	982,000	982,000	982,000	1,100,000	1,100,000	1,100,000	1,175,000	1,175,000	1,175,000
INTEREST EXPENSES	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
TOTAL OUTFLOW	21,632,000	21,632,000	21,632,000	26,857,000	26,857,000	26,857,000	31,975,000	31,975,000	31,975,000	42,050,000	42,050,000	42,050,000
OPENING CASH BALANCE	50,000,000	34,418,000	26,102,667	25,054,000	22,109,500	20,981,667	21,670,500	19,208,000	18,562,167	19,733,000	10,674,667	8,883,000
COLLECTION	5,450,000	12,716,667	19,983,333	23,162,500	24,979,167	26,795,833	28,612,500	30,429,167	32,245,833	31,791,667	39,058,333	42,691,667
DOCUMENT CHARGES	600,000	600,000	600,000	750,000	750,000	750,000	900,000	900,000	900,000	1,200,000	1,200,000	1,200,000
TOTAL INFLOW	56,050,000	47,734,667	46,686,000	48,966,500	47,838,667	48,527,500	51,183,000	50,537,167	51,708,000	52,724,667	50,933,000	52,774,667
WORKING CASH BALANCE	34,418,000	26,102,667	25,054,000	22,109,500	20,981,667	21,670,500	19,208,000	18,562,167	19,733,000	10,674,667	8,883,000	10,724,667
FD Target												100,000,000
CLOSING BALANCE	34,418,000	26,102,667	25,054,000	22,109,500	20,981,667	21,670,500	19,208,000	18,562,167	19,733,000	10,674,667	8,883,000	110,724,667
Provision - (0.17%)	34,000.00	34,000.00	34,000.00	42,500.00	42,500.00	42,500.00	51,000.00	51,000.00	51,000.00	68,000.00	68,000.00	68,000.00
Net Cash flow	34,384,000.00	26,068,666.67	25,020,000.00	22,067,000.00	20,939,166.67	21,628,000.00	19,157,000.00	18,511,166.67	19,682,000.00	10,606,666.67	8,815,000.00	110,656,666.67

Table 7 - Cashflow statement
2020/2021

The cashflow statement for the period 2021/2022 commencing from the month of July 2021 is presented below.

DESCRIPTION	2021/2022											
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
INVESTMENT	100,000,000	100,000,000	100,000,000	125,000,000	125,000,000	125,000,000	150,000,000	150,000,000	150,000,000	200,000,000	200,000,000	200,000,000
EXPENSES	1,331,000	1,331,000	1,331,000	1,331,000	1,331,000	1,331,000	1,736,000	1,736,000	1,736,000	1,961,000	1,961,000	1,961,000
INTEREST EXPENSES	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000
TOTAL OUTFLOW	103,956,000	103,956,000	103,956,000	128,956,000	128,956,000	128,956,000	154,361,000	154,361,000	154,361,000	204,586,000	204,586,000	204,586,000
OPENING CASH BALANCE	110,724,667	66,085,333	50,512,667	56,740,000	47,346,500	47,036,333	55,809,500	49,011,000	51,295,833	62,664,000	41,203,000	37,908,667
COLLECTION	56,316,666.67	85,383,333.33	107,183,333.33	115,812,500.00	124,895,833.33	133,979,166.67	143,062,500.00	152,145,833.33	161,229,166.67	177,125,000.00	195,291,666.67	213,458,333.33
DOCUMENT CHARGES	3,000,000	3,000,000	3,000,000	3,750,000	3,750,000	3,750,000	4,500,000	4,500,000	4,500,000	6,000,000	6,000,000	6,000,000
TOTAL INFLOW	170,041,333	154,468,667	160,696,000	176,302,500	175,992,333	184,765,500	203,372,000	205,656,833	217,025,000	245,789,000	242,494,667	257,367,000
WORKING CASH BALANCE	66,085,333	50,512,667	56,740,000	47,346,500	47,036,333	55,809,500	49,011,000	51,295,833	62,664,000	41,203,000	37,908,667	52,781,000
FD Target												350,000,000
CLOSING BALANCE	66,085,333	50,512,667	56,740,000	47,346,500	47,036,333	55,809,500	49,011,000	51,295,833	62,664,000	41,203,000	37,908,667	402,781,000
Provision - (0.17%)	170,000.00	170,000.00	170,000.00	212,500.00	212,500.00	212,500.00	255,000.00	255,000.00	255,000.00	340,000.00	340,000.00	340,000.00
Net Cash flow	65,915,333.33	50,342,666.67	56,570,000.00	47,134,000.00	46,823,833.33	55,597,000.00	48,756,000.00	51,040,833.33	62,409,000.00	40,863,000.00	37,568,666.67	402,441,000.00

Table 8 - Cashflow statement
2021/2022

The cashflow statement for the period 2022/2023 commencing from the month of July 2022 is presented below.

DESCRIPTION	2022/2023											
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
INVESTMENT	250,000,000	250,000,000	250,000,000	300,000,000	300,000,000	300,000,000	400,000,000	400,000,000	400,000,000	500,000,000	500,000,000	500,000,000
EXPENSES	2,347,500	2,347,500	2,347,500	2,722,500	2,722,500	2,722,500	3,097,500	3,097,500	3,097,500	3,652,500	3,652,500	3,652,500
INTEREST EXPENSES	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000
TOTAL OUTFLOW	261,097,500	261,097,500	261,097,500	311,472,500	311,472,500	311,472,500	411,847,500	411,847,500	411,847,500	512,402,500	512,402,500	512,402,500
OPENING CASH BALANCE	402,781,000	421,683,500	436,044,333	468,571,833	452,224,333	454,043,500	474,029,333	428,431,833	419,167,667	446,236,833	412,084,333	414,265,167
COLLECTION	272,500,000.00	267,958,333.33	286,125,000.00	286,125,000.00	304,291,666.67	322,458,333.33	354,250,000.00	390,583,333.33	426,916,666.67	463,250,000.00	499,583,333.33	535,916,666.67
DOCUMENT CHARGES	7,500,000	7,500,000	7,500,000	9,000,000	9,000,000	9,000,000	12,000,000	12,000,000	12,000,000	15,000,000	15,000,000	15,000,000
TOTAL INFLOW	682,781,000	697,141,833	729,669,333	763,696,833	765,516,000	785,501,833	840,279,333	831,015,167	858,084,333	924,486,833	926,667,667	965,181,833
WORKING CASH BALANCE	421,683,500	436,044,333	468,571,833	452,224,333	454,043,500	474,029,333	428,431,833	419,167,667	446,236,833	412,084,333	414,265,167	452,779,333
FD Target												
CLOSING BALANCE	421,683,500	436,044,333	468,571,833	452,224,333	454,043,500	474,029,333	428,431,833	419,167,667	446,236,833	412,084,333	414,265,167	452,779,333
Provision - (0.17%)	425,000.00	425,000.00	425,000.00	510,000.00	510,000.00	510,000.00	680,000.00	680,000.00	680,000.00	850,000.00	850,000.00	850,000.00
Net Cash flow	421,258,500.00	435,619,333.33	468,146,833.33	451,714,333.33	453,533,500.00	473,519,333.33	427,751,833.33	418,487,666.67	445,556,833.33	411,234,333.33	413,415,166.67	451,929,333.33

Table 9 - Cashflow statement
2022/2023

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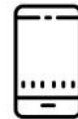
Multiple additional books, researchers, journal papers, reports, and articles on finance, AI, credit evaluation, and other related domains were evaluated for the formulation of this particular research-driven proposal documentation.

CEYLON DIGITAL FUNDING FORCE

A revolutionary
fully digitalised and
AI-based credit evaluation
and funding pioneer
in Sri Lanka



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