



**Faculty of Technology**  
**University of Sri Jayewardenepura**

**ITC 4212**  
**Information Systems Strategy and IT Governance**  
**Assignment 1**

**LOLC Finance PLC**

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# **1. Introduction**

LOLC Holdings PLC is one of the most significant and diverse companies in Sri Lanka. It operates in several industries, including financial services, manufacturing, insurance, leisure, and agriculture. The company was established in 1980, and the business has developed into one of the major providers of financial solutions in Sri Lanka and internationally.

LOLC Group provides many sub-services.

- Financial Services
- Leisure
- Agriculture and Plantations
- Manufacturing and Trading
- Research and Innovation
- Strategic Investment
- Construction and Mining

In this study, we focus on LOLC Finance PLC, the financial arm of the group, to explore how IS/IT plans are integrated to support its operations with the subsidiaries. The aim is to analyze how these systems contribute to operational efficiency, customer satisfaction, and competitive advantage. By narrowing the scope to LOLC Finance, the study seeks to provide a comprehensive view of how technology supports financial services in achieving the organization's strategic objectives.

## **1.2 Company Profile**

### **LOLC Finance PLC**

LOLC Finance PLC is a premier licensed finance company in Sri Lanka with its own unique identity. As one of the flagship entities of LOLC Group, it remained focused on bridging the gap between aspiration and achievement based on the foundation of uncompromising quality, total customer satisfaction and unparalleled financial expertise. LOLC finance provides key features and services like leasing and hire purchase, loans, microfinance, savings, deposits and digital financial services.

## **2. Strategic plan and IS/IT plan of the organization**

### **2.1 Strategic/Corporate Plan**

#### **2.1.1 Vision**

*“We believe in an inclusive financial service that requires client advocacy and stewardship, a passion for leading-edge solutions and the delivery of services that exceed customer expectations.”*

#### **2.1.2 Mission**

*“Our mission is to help set the industry standard in Non-Bank Financial Services. We reach out to all Small and Medium Enterprises and provide them with affordable and convenient Financial Services tailored to their specific needs.”*

#### **2.1.3 Goals and Objectives**

- Facilitate SME growth by offering diverse financing mechanisms (leasing, loans, micro-finance, etc.)
- Enhance sustainability by aligning with UN Sustainable Development Goals and embedding ESG principles.
- Maintain strong client protection principles and ethical lending practices.
- Leverage technology to ensure scalable, cost-effective, and inclusive financial solutions
- Diversify offerings through partnerships and acquisitions.
- Expand the asset base and diversify funding sources.

#### **2.1.4 Strategies**

LOLC Finance employs several strategic approaches.

- Leverage partnerships to extend the customer reach.
- Bank of Ceylon and ACTED (Agency for Technical Cooperation and Development) are the main partners of LOLC finance.
- Focus on risk management and sound credit practices to mitigate financial volatility.
- Secure foreign funding to maintain lower borrowing costs.

- Investing in new subsidiaries (e.g., micro-credit company) and innovative financial solutions.
- Extending the branches in worldwide (e.g., Cambodia, Singapore, Myanmar, Nigeria, ...)

### **2.1.5 Key Performance Indicators (KPIs)**

#### **1. Income growth**

- Quarterly income growth percentage: 96% growth in 3 months.
- Half-yearly income growth percentage: 76% growth in 6 months.

#### **2. Profitability**

- Net profit margin: Profit after tax increased by 55% to Rs. 425 Mn for 6 months.
- Operating profit growth rate: 87% increase in 6 months.

#### **3. Cost management**

- Reduction in net interest cost relative to borrowing (e.g., leveraging foreign financial institutions for cost advantages).

#### **4. Asset management**

- Growth in total assets: Rs. 48,654 Mn from Rs. 28,621 Mn.

#### **5. Deposit growth**

- Increase in total deposits mobilized (e.g., Rs. 4,642 Mn, almost double compared to the previous year).
- Growth rate of foreign currency deposits mobilized.

#### **6. Debt performance**

- Provision for doubtful debt as a percentage of loans: Rs. 150 Mn, increased by 24.

#### **7. Digital transformation**

- Number of digital transactions per month: 1.8 Mn
- System uptime: 24hr

### **2.1.6 Specific IT-related goals, objectives, and activities**

#### **IT background of LOLC Finance PLC**

LOLC Finance PLC recognizes the critical role of technology in driving its business objectives and delivering superior financial services. LOLC group has a special IT related service named LOLC Technologies. It was initially incorporated as LOIT Services Limited in the year 2004 primarily to cater to the Information Technology needs of all the LOLC group of companies.

#### **Specific goals and objectives**

- The primary IT-related goal is to provide uninterrupted banking experience through the development of user-friendly mobile and online banking platforms.
- Developing a leading online payment mobile application in Sri Lanka.
- Being a leading digital financial service provider in Sri Lanka.
- Implementing industry-standard security protocols to protect customer sensitive data and fulfill regulatory requirements from the Central Bank of Sri Lanka.
- Providing 24-hour real-time digital financial experience without systems down.
- Enhancing operational efficiency, and customer and employee experience using IT systems.
- Expanding the ATM and payment network worldwide for better financial accessibility.

### **2.1.7 Goals, objectives and actions which need IT support**

LOLC Finance needs special IT support for its financial services. It offers many services including online and mobile banking, lifestyle payment applications, credit card services, and enterprise data center management with LOLC Technologies LTD's special IT support. These services aim to meet evolving customer needs, streamline operations, and deliver secure, scalable, and user-friendly solutions.

#### **1. To provide online and mobile banking services**

The goal of this service is to enhance user accessibility and security in online and mobile banking platforms by providing web applications and mobile applications.

## **2. To develop lifestyle payment application**

The goal of this service is to increase adoption and enhance the functionality of the mobile application. And give the best digital banking experience for end users.

## **3. To improve credit/debit card services**

LOLC Finance provides credit card services that combine operational efficiency with enhanced security. Through fraud detection, automated application processes, and online benefit management portals, they ensure security for cardholders.

## **4. Provide enterprise data center management**

LOLC Finance offers reliable, scalable, and secure infrastructure using this enterprise data center management. The data center complies with ISO 27001 standards, incorporates disaster recovery solutions, and employs energy-efficient practices to ensure robust performance and sustainability.

## **2.2 IS/IT strategy**

LOLC Finance operates in a highly competitive and technology-driven environment. Its IS/IT strategy plan focuses on ensuring scalable, secure, and customer-centric digital services. The primary objective is to leverage technology for product innovation, operational excellence, and enhanced customer satisfaction while aligning with the overall corporate goals.

### **2.2.1 Main components of the IS/IT strategy plan**

#### **1. Core Banking system**

The Core Banking system is the main component of LOLC Finance. LOLC Technologies Ltd introduced FusionX for this Core Banking solution. FusionX is the next generation core banking solution conceptualized with the vision of delivering business agility to financial institutes that operate in constantly changing markets through technology. The ideology of FusionX is to be a catalyst to develop businesses. As a result, FusionX was designed on composable architecture to enable the banks and financial institutions to be agile and adopt a fast go-to market approach in a heavily competitive industry.

## **2. Digital channels and customer experience**

Using Core Banking solution, the company provides 24/7 online and mobile banking to access customer accounts, transactions, and financial management tools through user-friendly interfaces. The company introduced a dedicated mobile app named iPay offering seamless transactions, bill payments, e-commerce integration, and loyalty services tailored to modern lifestyles.

## **3. Infrastructure and cloud solutions**

The enterprise data center management system is a certified data center that supports high availability, security, and disaster recovery for critical business applications. And provide cloud services to manage varying workloads, reduce capital expenditure, and improve scalability.

## **4. Data analytics and business intelligence**

To monitor key performance indicators (KPIs) such as portfolio growth, credit risk exposure, and product profitability the company uses well developed web application.

These are the main components LOLC Finance uses for the IS/IT strategy plan. Also, the IS/IT strategy plans are used for other relevant services such as project management, human resources management, office management and skill development.

### **2.2.2 Current approach to ICT management and implementation**

According to the previously mentioned strategy plan, LOLC Technologies Ltd provides the best approaches to implementing strategy plans and coordinating all major software development and integration efforts. The company ensures consistent standards, shared best practices, and uniform security policies across all technology initiatives.

**Product-focused innovation:** Each proprietary product within LOLC Technologies has a clear innovation roadmap to address evolving customer needs and competitive pressures.

- iPay: A user-friendly digital payments platform that supports real-time fund transfers, bill payments, and merchant services.
- FusionX: A core banking system designed to streamline lending, leasing, microfinance, and account management, enabling swift customization for diverse market demands.



- Bank, Merchant, Call Center web portals: These web portals are used to handle customer and merchant details and provide the best customer service.
- OASYS^: This online platform combines enterprise resource planning (ERP), human resources (HR), and workflow automation to increase operational efficiency and reduce paperwork.

### 3. Studying and analyzing the status of ITG

#### 3.1 Analyzing the maturity of the ITG (Luftman)

We used Luftman's Strategic Alignment Maturity (SAM) Model assesses how effectively an organization aligns its IT and business strategies, using six major criteria. Below is a detailed evaluation and rating of LOLC Finance's IT Governance maturity in each dimension.

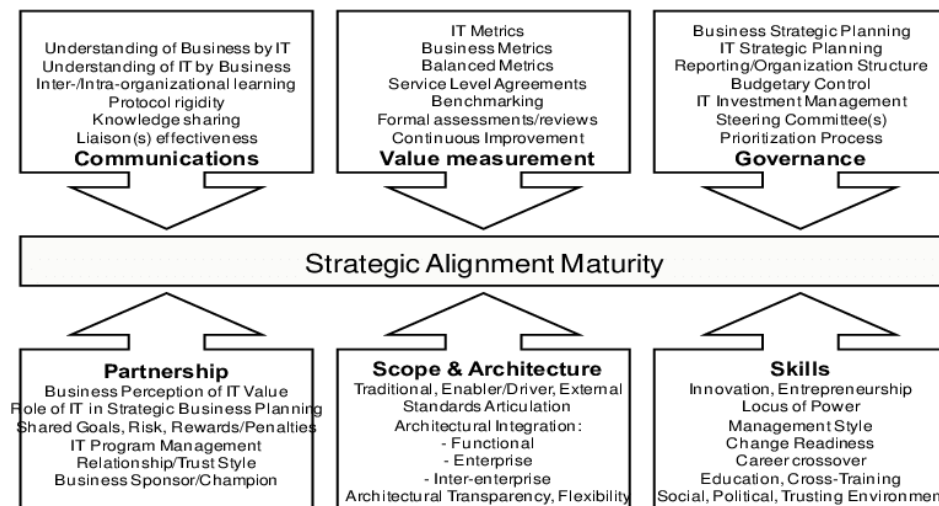


Figure 1: The Strategic Alignment Maturity Model (Luftman)

#### 1. Communication

LOLC Finance operates within the larger LOLC Group and collaborates closely with LOLC Technologies and other subsidiaries. There is evidence of shared project documentation, centralized policies, and user training.

## **2. Value Measurement**

In this company, the basic KPIs (e.g., system uptime, project deadlines, cost savings) are tracked, and some advanced metrics are gradually being integrated. LOLC Finance leverages proprietary solutions (iPay, FusionX, OASYS^, OYES) to drive revenue growth and reduce operational costs, indicating a growing focus on linking IT investments to tangible outcomes.

## **3. Governance**

The organization adheres to compliance standards (Bank of Cylon) and performs regular audits. While governance practices are documented, some variability in enforcement or continuous measurement may still exist.

## **4. Partnership**

IT is increasingly seen as a strategic partner to the business, facilitating the roll-out of new financial products and digital platforms. This is evident in the close coordination with LOLC Technologies. And executive management generally supports IT projects that drive revenue or enhance user experience.

## **5. Scope and Architecture**

Core banking systems, digital payment apps, and enterprise resource planning tools show a moderate to high level of integration of this company. Standardization and alignment with best practices suggest a well-defined architecture. Some aspects, like multi-country rollouts or advanced data analytics frameworks, still need continual refinement.

## **6. Skills**

Specialized teams at LOLC Technologies handle product development (iPay, FusionX, OASYS^, OYES) and infrastructure. Training programs exist, but continuous upskilling in emerging areas (cybersecurity, AI) is an ongoing need. IT and business teams collaborate, but further initiatives (like cross-training and job rotation) could deepen business knowledge among IT staff and vice versa.

Rating Maturity Criteria	0	1	2	3	4	5
Communication						
Value Measurement						
Governance						
Partnership						
Scope and Architecture						
Skills						

Table 1: Maturity rating for each criteria

### 3.2 Analyze the ITG maturity level.

Based on the company interview insights and the findings of the SAMM ratings, we have chosen LOLC Finance's IT governance maturity appears to be around Level 5 (Optimized) with some aspects trending forward to Level 4.

- **Level 1 (Initial):** Not applicable, as LOLC Finance clearly has structured processes in place.
- **Level 2 (Repeatable):** They have moved beyond initial processes and policies that are documented and repeatable.
- **Level 3 (Defined):** Processes, roles, and responsibilities are formally defined, and the company has created a set of rules and standards that are consistently applied to all projects.
- **Level 4 (Managed):** Some dimensions (like Communication and Partnership) show signs of maturity at Level 4, though not consistently across all areas.
- **Level 5 (Optimized):** Based on data-driven feedback and industry best practices, the business is always improving its operations

LOLC Finance exhibits around **Level 5** maturity rating, indicating that business-IT alignment is well established, but some dimensions in Level 4. Improvement areas might include communication and partnership.

## **4. The steps taken by the organization to achieve IT strategic alignment**

### **4.1 Integrating ICT investments with corporate Strategy**

LOLC Finance carefully plans its technology decisions to fit with its overall business goals. These decisions are implemented by the technology team in LOLC Technologies Ltd. There are some IT investments they have taken to achieve IT strategic alignment.

- Budgeting and planning: The company sets aside a dedicated budget for technology initiatives every year. This includes funding for software development (FusionX, iPay, OASYS^), hardware upgrades, and cybersecurity enhancements.
- Vendor partnerships and alliances: Working with FinTech startups or established firms keeps LOLC Finance at the forefront of digital finance innovations, further strengthening their service offerings.
- Foreign and local funding.
- Collaborations with tech providers including Microsoft and Oracle.

These investments are chosen based on their benefits, how well they match the company's goals, and their impact on customers. To keep costs low and fund new technology, LOLC Finance uses both local and international resources. Working with global tech companies helps the company quickly launch new features and adapt to market changes.

### **4.2 Business Opportunities**

Business opportunities are very important to gain a competitive advantage for the company. This company has many business opportunities to challenge similar companies.

- Digital payment platforms (iPay): LOLC Finance's proprietary payment app caters to modern lifestyle needs including real-time fund transfers, bill payments, and e-commerce integration.
- FusionX Core Banking: The flexibility architecture of FusionX enables faster go-to-market for new financial products.

- Geographical expansion: By leveraging standardized IT frameworks, the company can rapidly replicate successful business models in different regions (e.g., Cambodia, Myanmar, Nigeria), capturing new markets and driving global brand recognition.

#### **4.3 Cost-effective and flexible technology infrastructure for the future**

The company uses some cost-effective and flexible technologies to achieve IT strategic alignment. They hope to adopt emerging technologies like Machine Learning, Robotics, and new Cyber Security technologies in future advancement.

- Cloud services: LOLC Finance utilizes a cloud infrastructure, optimizing cost, performance, and security. This approach enables the company to scale resources on demand during peak periods (end-of-month transactions).
- Network security and cybersecurity: They invest in firewalls, intrusion detection/prevention, and encryption technologies to save and send customer data.

#### **4.4 Appropriate resources to ensure successfully IS/IT deploy**

The company has special management roles to manage IT resources.

- CTO - Chief Technology Officer
- CIO – Chief Information Officer
- System Administrator

## **5. How to implement ITG in the organization using a framework**

IT governance (ITG) frameworks are sets of guidelines that help organizations manage their IT systems. They help organizations align IT strategies with business goals, reduce risks, and comply with regulations. LOLC Finance PLC is a financial institution therefore, COBIT (Control Objectives for Information and Related Technology) is typically the most suitable and comprehensive IT Governance framework.

### **5.1 The view of the management in enhancing the effectiveness of ICT**

- **Strategic alignment and risk focus**

LOLC Finance's top management recognizes ICT as central to attaining operational efficiency, and customer satisfaction. They seek a framework that aligns IT with strategic goals, ensures compliance (e.g., Central Bank of Sri Lanka guidelines), and mitigates cyber risks.

Sensitive financial data and high regulatory oversight, management emphasizes a risk-based approach. COBIT's process areas (e.g., EDM for Evaluate, Direct, Monitor) help executives systematically identify and address IT-related risks.

- **Value delivery and cost-efficiency**

Management requires clarity on how IT spending translates into measurable outcomes. COBIT's performance measurement tools help in quantifying and tracking the value delivered by ICT initiatives. And its governance practices promote continuous improvement and future proofing of IT capabilities.

- **Accountability and Transparency**

Through COBIT's reporting and KPIs, managers gain real-time insights into the health of IT services, enabling transparent discussions around costs, risks, and business opportunities.

## **5.2 The use of ITG frameworks in similar organizations**

Within the Banking, Financial Services, and Insurance (BFSI) industry, IT governance frameworks are crucial for ensuring strategic IT-business alignment and regulatory adherence.

- **Commercial Credit & Finance PLC**

This company likely employs Core Banking/Finance Solutions (like LOLC's FusionX) to manage lending, deposits, and treasury operations. Ensuring data integrity and secure system access typically involves governance controls that resemble COBIT principles.

- **Dialog Finance PLC**

Dialog Finance likely share certain cybersecurity protocols and IT governance best practices (COBIT, ISO 27001) at the group level. As part of a telco-based finance model, Dialog Finance invests heavily in digital wallets, mobile banking apps, and online payment solutions. ITIL or COBIT controls around DSS (Deliver, Service, and Support) processes ensure consistent service delivery and quick incident resolution.

With a significant volume of digital transactions (mobile payments, microloans), risk-based frameworks such as COBIT and NIST are crucial. These frameworks ensure encryption, secure APIs, and role-based access controls to protect sensitive data.

- **Softlogic Finance PLC**

There is typically a centralized IT Governance Committee or board overseeing policy, risk, and compliance across the Softlogic group. Softlogic Finance invests in workflow automation and integrated finance solutions to expedite loan disbursements, enhance CRM, and improve digital on-boarding. ITIL processes often govern incidents and change management to minimize downtime and ensure service quality.

Softlogic's broader strategic initiatives require a structured APO (Align, Plan, Organize) process from COBIT, ensuring that each IT initiative is measured against corporate KPIs (customer satisfaction, risk mitigation, ROI on technology investments).

## **5.3 The steps involved in implementing a suitable ITG framework**

### **1. Initiation and stakeholder Buy-In**

Comprising key representatives from IT, Risk, Compliance, and executive leadership. This governance committee team sets the project vision, scope, and success criteria. After that determine which COBIT domains to prioritize based on LOLC Finance's strategic goals.

### **2. Gap analysis**

Document existing IT processes against COBIT's framework to identify gaps. Assess current security controls, compliance measures, and policy documentation to pinpoint areas needing improvement.

### **3. Design the governance structures**

Update IT policies (data protection, risk management, vendor oversight) to align with COBIT control objectives.

### **4. Implementation of Processes and Controls**

Start with critical processes such as change management or cybersecurity to refine and validate new governance mechanisms. And integrate governance workflows into existing software (e.g., ticketing systems, dashboards) for consistent monitoring and reporting.

### **5. Training and Awareness**

Conduct workshops and e-learning sessions and KT sessions for IT teams, business managers, and support staff on COBIT principles and new or updated policies.

### **6. Measurement and Monitoring**

Establish quantitative targets like service uptime, incident resolution time, and ROI on IT investments tracked against COBIT benchmarks.

### **7. Review and Continuous Improvement**

Periodically verify compliance with COBIT processes, adjusting strategies as the organization evolves or as regulations change.



## **6. Conclusion**

LOLC Finance operates within a dynamic, competitive financial landscape. Its robust investments in ICT, focus on strategic alignment, and emphasis on continuous innovation demonstrate the organization's commitment to maintaining a leadership position. While the current IT governance maturity is commendable (hovering around Levels 5 on Luftman's Model), there remains an opportunity to further solidify processes and controls.

By systematically implementing a recognized IT Governance framework (such as COBIT), LOLC Finance will strengthen its ability to manage technology-related risks, optimize resource allocation, and align IT initiatives with strategic business goals. Through clear governance structures, continuous training, and iterative improvements, the organization can sustain its growth trajectory and continue to deliver exceptional value to stakeholders in Sri Lanka and beyond.

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*ITIL Official - Axelos: ITIL® Best Practice for IT Service Management.*  
<https://www.axelos.com/best-practice-solutions/itil>

- ❖ Additional details on the LOLC Group's history, subsidiaries, global presence, and sustainability initiatives.
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