Early Warning System

ADB-48910-001

Promoting Capacity Building in Financial Institutions in Emerging Countries in South Asia

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Quick Facts

Countries	Sri Lanka
Financial Institutions	Asian Development Bank (ADB)
Status	Completed
Bank Risk Rating	U
Voting Date	2014-12-12
Borrower	Lanka Orix Leasing Company PLC
Sectors	Finance, Industry and Trade, Infrastructure
Investment Type(s)	Advisory Services
Investment Amount (USD)	$ 0.75 million

Project Description

Strengthening the financial sector by helping to develop financial institutions, infrastructure, and products and services is a key component of Strategy 2020. Through such initiatives, the Asian Development Bank (ADB) can support inclusive economic growth that is stimulated by private sector investment, which can be a key contributing factor in reducing poverty.

Early Warning System Project Analysis

The ADB categorized the project risks as 'FI'.

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Lanka Orix Leasing Company PLC (Financial Intermediary)

Private Actors Description

As stated by the ADB, Lanka Orix Leasing Company PLC (LOLC) is one of the strongest and fastest growing NBFIs in Sri Lanka, offering financial services through various subsidiaries, in particular LOLC Micro Credit Ltd. (LOMC) and Lanka Orix Finance PLC (LOFC), before their official merger in 2018. LOMC's primary focus was microcredit, distributed through the group lending mechanism, but it also offered individual loan contracts to graduated clients, mostly on the microcredit level, but with a tendency of reaching a higher market segment. In addition, LOFC served larger enterprises with asset backed financing. Within the new competitive landscape, LOLC needed to adjust its business model in order to continue growing and better servicing more underbanked customers. LOLC has identified a new potential target segment comprising large micro-enterprises and small to medium-sized enterprises.

Contact Information

No contact information provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Project Disclosure PDF [Original Source]
- Promoting Capacity Building in Financial Institutions in Emerging Countries in South Asia: Technical [Original Source]