

Factors Affecting the Growth of SME Lending Portfolio of Banking Industry with Reference to Consumer Perspective of XY Bank PLC

Nishan Mallikarachchi^{1#} and Lahiru Gunathilake²

¹*Faculty of Graduate Studies, General Sir John Kotelawala Defence University*

²*Department of Management and Finance, Faculty of Management, Social Sciences and Humanities, General Sir John Kotelawala Defence University*

nm9771@gmail.com

Abstract: The Government of Sri Lanka has identified SME as an important strategic sector for balanced regional development in Sri Lanka. As such, with the purview of the Central Bank, Sri Lanka, several banks have launched numerous facilities to gear up the SME sector in Sri Lanka. However, during the last three years, it is evident that those banks have not achieved the targets of their SME lending portfolio. Accordingly, this study focuses on the analysis of factors affecting the growth of SME lending portfolio in banking industry with special reference to consumer perspective of XY bank PLC. A sample of lending portfolio was selected from the lowest pull through rate indicated districts of SME lending of XY bank, such as Anuradhapura, Ampara, Kegalle and Kurunegala. Along with the findings of the exploratory study and past research studies, the researchers tested four types of factors affecting the SME lending portfolio growth in the banking industry, namely bank staff related factors, bank credit policy related factors, bank SME customer related factors and country economic related factors. The survey was conducted using questionnaires and the data were analysed using quantitative data analysis techniques. As per the findings of the parametric tests, three predictor variables of staff, policy and customer related factors were positively correlated and economic related factors were negatively correlated. However, in the multiple regression analysis, only three

predictor variables of staff, policy and customer related factors indicated significant influence on XY bank's SME lending portfolio growth while staff related factors were identified as the most significant ones. Therefore, the study recommends XY bank to improve staff related factors, policy related factors and customer related factors to achieve SME lending targets in future.

Keywords: SME, Banking, Staff, Policy, Customer

Introduction

The Government of Sri Lanka has been acknowledged that the SME industries as a significant strategic segment and as the backbone of the economy in the country. It identified as a key area of change for comprehensive economic development, provincial growth, creation of employment & poverty eradication. SMEs accounts over seventy-five percent of the total number of enterprises, offers forty-five percent of the occupations and contributes to fifty-two percent of the GDP.

XY Bank is a premier commercial bank which contributes major part for SME sector in Sri Lanka and currently operates through a largest branch network across the Island. The bank has over 2.5 million customer base across the country and the bank is delivering an entire range of financial services for them. from the inception of the bank has been deeply

engaging with SME financing. During this period bank has partnered with so many of SME's and success stories created.

This study has been more focused on factors which have been directly affecting to growth of SME lending portfolio success in banking industry with special reference to consumer perspective of XY Bank & how the aforementioned further strengthen to sustain the highly viable business environment today. SME lending activity is one of the most profitable arms of XY Bank. The bank SME clientele contribute twenty percent of operating income, twenty-five percent of whole assets and eighteen percent of overall liabilities when compare with entire bank PNL. A high level of asset quality has also been maintained with the SME. In addition, one third of the lending portfolio contains of SME which reflects substantial effect to the overall profitability and the balance sheet growth of the organization. (XY, 2020). Considering economic value of SME industry in Sri Lanka and SME segment contribution for bank performance authors have selected SME industry and SME customers in XY bank for research.

However, considering last three years' statement of the financial position of the XY Bank, the researcher has recognised that they have not been achieved set targets for SME lending and identified particular performance gap. Since previous studies in Sri Lanka related to subject area & in view of the review of literature in this study, the researchers have not been identified direct related, similar studies. Hence, it can state that very limited studies done previously. In this connection, this study is significant when compare to other SMEs related studies in Sri Lanka.

The research is based on the Sri Lankan Banking sector and there are about 26 licensed commercial banks and 7

specialized banks such as savings and development banks currently operating in Sri Lanka. When the growth of SME sector is considered, customer perspective can be identified as one of the key perspectives. Other factors such social factors, economic factors, political factors, etc, can have direct and/or indirect impact towards the customer perspective. Therefore, it is highly possible that the financial requirements of consumers are fluctuated depending on these areas. However, SME customers in the market not aware about entire information within the banks and in the bank perspective bankers also don't know about all information about customer side. Hence, adverse selection occurs among both parties. Other mean, adverse selection happens when bank or client (one party) in a negotiation has related information from bank or client (other party) lacks. The asymmetry of information repeatedly occurs to creating adverse selection in both side or one party. Furthermore, bank and customers are involving doing business with less-profit and riskiest market. Identification of the all aspects are more important to finalized good business with win-win situation among both bank and client.

To avoid the adverse selection occurs, both parties must know about each and every one splendidly prior to a deal. This research is more focused on understanding and knowing, getting of the factors that affect in both side of client and bank. As such there is a strong need of understanding financial providers and its' customers to expansion and development prospects of the Island. The purpose of this study is avoid the adverse selection between both parties and recognize the factors affecting to the SME lending growth/success of financial providers.

Research objectives

Main objective of study - The main objective of the study is to identify the factors that affect on the growth of the SME lending portfolio of XY Bank.

Specific objectives of study - To identify main factor that affect the growth of SME lending portfolio of banking industry with special reference to consumer perspective of XY Bank PLC.

Research questions

What are the factors affecting the success of SME lending portfolio of banking sector with special reference to consumer perspective of XY Bank?

What is the main factor affecting the growth/success of SME lending portfolio of banking sector with special reference to consumer perspective of XY Bank?

Literature Review

The literature reviews mainly focused on background of SME, review the factors affecting to the banking industry SME lending growth or success and critically analyzed the key factors which affected to SME portfolio growth/success of banking industry in customer perspective.

Defining of SMEs and its background

There is no broadly accepted definition of SMEs. The most widely used working definitions are based on either the size of employment or the value of fixed assets or both. In addition, there is no accepted size of a firm to classify it either as small, medium or large (European Commission, 2020). A common mistake observed in SME studies, particularly at the international level, is cross country comparison without considering the factors influencing their performance. In some countries, firms employing 50 employees may be regarded as Large Scale Enterprises (LSEs) where as

it may be a small or even cottage scale industry in another country. Thus country specificity is key aspect of any SME definition (European Commission, 2020).

Considering world largest multinational organizations such as World Bank Group, IMF, IADB, African Development bank, ADB, and UNDP, they are also using deferent definitions for introduced SME segment can be identified that deficit of common policy for SMEs in world level, these organizations inserted their own thinking for context of the official definition (DC-MSME, 2020). In addition to that, considering individual country they have also used their own official definition for introduced SME. Hence geologically & economically different set of nationals used own definition for SMEs.

Sri Lankan's definition for SME

In 2017, Government of Sri Lanka has been introduced worldwide accepted SME policy framework for SMEs. That is give definitions of SMEs in Sri Lanka. Before introduced Sri Lankan National Policy Framework, there was no usually recognized definition for SME in Sri Lanka. As per policy framework using define SMEs based on, I. Number of employees II. Annual turnover. Below mention table 1, specified that how government create business categorized as a micro, small and medium as per the National Policy Framework for SME Development (Central Bank of Sri Lanka, 2017).

Table 1: Definition of SME in Sri Lanka

Size Sector	Criteria*	Medium	Small
Manufacturing Sector	Annual Turnover	Rs. 250 -750 Mn	Rs. 61 - 250 Mn
	No of Employees	51- 300	11 - 50
Service Sector	Annual Turnover	Rs. 301 - 750 Mn	Rs. 61--300 Mn
	No of Employees	51 - 200	11 -50

Source: National Policy Framework for SME

Key challenges faced by SMEs & banks in SME lending.

When compare to other sectors, financial services providers are facing plenty of challengers in SME sector lending in comparison to other lending such as personal, financing, corporate & midmarket industries financing. Bank point of view, as per Fernando (2020) banks are lending to high risk and high sensitive market. Most of the SMEs have lack of collateral, poor management, one man show management, poor sustainable plan, lack of R&D, poor technology with poor innovation, lack of financial management, shortage of labor & poor skill labor, lack of infrastructure and utilities, rigid and unfavorable regulations, influence by public sectors, lack of information, problems of raw materials supply, inadequate market demand & adverse economic policies.

The researchers have been identified listed common constrictions among SAARC regions countries SMEs lack of productivity, poor ability to accessing proper financial service, lack of skill man power, poor regulatory support (labor laws, trade policy, fiscal & tax policy, etc.), lack of technology sub-stranded products, poor inferior product quality, poor management, lack of risk management, poor access to resources (land, raw materials, employees, other infrastructure facilities), poor communication and lack of information and analysis (market, demand, supply, productivity, cost, etc) (Buddhadasa, 2018).

Key factors affecting to SME lending portfolio banking industry

The researchers have identified key factors that affecting to the banking industry SME lending portfolio growth by discovering previous literature. The key variables included I. Bank staff related factors, II.

Bank internal policy related factors, III. Economic related factors, IV. SME customer related factors. The staff related factors mainly focused on XY bank staff qualities and throughout questionnaire, the researchers collected data on personalized customer service, friendly staff with positive attitudes, appropriate knowledge & Skills of staff, professionalism and excellent relationship management of staff. These variables measure staff qualities toward SME customers and it directly impacts on SME growth of the bank. As well as, bank internal credit policies are also having an impact on SME growth and throughout the questionnaires, the researchers collected data for identify policy related factors of the XY bank by using variables of bank loan granted and approval duration (speed), worth of credit approval standards & terms, viability loan securities. The customer friendly credit policies are directly impact on SME growth of XY bank. Furthermore, stable economy also increases credit of banking sector and concessionary interest rates, favorable tax policy on SME sector, exchange rate fluctuations and government economic policy variables also tested in economic related factors in the research. In addition to that, SME customer's internal capacity also impacts on SME growth and throughout questionnaire, the researchers collected data for analysis of customer related factors by using variables of client's strategic plan to grow business, skills, knowledge and innovation of the client. Finally, SME growth of the bank identified by using variables of loyalty of SME customer, positive perception towards the bank, satisfied level of overall service extended by the bank and outside recommendation of the SME customer, non-performing loans, YOY growth of SME portfolio.

Critical reviews on Staff related factors.

Banks and other financial services providers are operating their business in highly competitive and risky market environment offer best quality and high oriented services in relating to customer need and expectations. The KPI indicators in banking industry such as service level quality, satisfaction of internal staff, satisfaction of external consumers and customers, product portfolio range, effectiveness and efficiency, productivity, cost and risk management, operational management, business growth is being directly link with skilful employees of the organization.

Most of the business entities have not been giving staff growing activities considerable value and they main focus on accomplishing revenues and profitability. Any organizations if more focus on employee developing actions which will be enhancing, capacity of the employees such as knowledge and skills (Chay et al., 2003). When they improved skills, this is naturally developing business growth of the organization and it would be career path of employees. Maintain strong relationships with the clients is a key factor of a high customer service providing organization (Panda, 2003). Further, this will be directly affecting to customer fulfilment and faithfulness (Dissanayake, 2019). Satisfied customer is always bringing new business opportunities to the bank and will not be a cost burden to the entity in view of profitability terms. Mainly through this research analyses credit skills, knowledge & staff attitudes, customer service and relationship management of the banking employees in consumer perspective.

Critical reviews on Policy related factors

Credit policies are another important factor. In order to assure superiority of the transactions & proper monitoring aspects,

the bank, is adhering to the, local and international policies and guidelines. These policies will mitigate the risk and help to control NPLs of the bank. A strong credit risk policy supports to grow the bank's business plan and maintain the financial strength. The bank credit policy related factors included documented credit policy of the bank, credit approval procedures, credit standards and terms.

Scheufler, (2002) has pointed out that a credit policies of the bank generates a collective set of goals for the business and recognizes the credit functions as an important contributor to the organization. If the credit policy is correctly formulated, carried out and well understood at all levels of the financial institution, it allows management to maintain proper principles applied in bank loans to avoid unnecessary risks and correctly consider the opportunities for business development to a greater extent. Lengthy and drawn-out credit policies have been primary challenged for the SME's to enter financial services (Harvie, 2005) also it influences on operation of the sector. Further, Financial limits on SMEs create obstacles for growing businesses in the industry.

The benefits and values of using proper credit approval procedure are presently existence by using all around the world's banks. They have been implementing duly created approaches of deal with risks related advances. Many financial institutions are using the 5Cs model other than PESTE model, SWOT model, 3Cs model, etc. assess a customer's credit worthiness to grant facilities (Abedi, 2000). In addition to that banks also comply credit scoring models for client evaluations to grant advances.

Critical reviews on Economic related factors

Economic related factors are always affecting the business environment in which the firm operates. Hence, financial institutions need to carefully analyze the pricing methods and interest rates are offering to the clients separately in view of monetary changes in the country. According to Nichter (2009) economic factors are always influencing changes in prices of production, charges of the products, salary rates. Interest and inflation and would finally affect the profitability of the organization. Gul (2011) highlighted that relationship between macro-economic facts on the bank productivity by way of considering data of premier fifteen commercial banks in the period 2005 to 2009. He has investigated the influence of assets, inflation, economic growth, loans, deposits, equity and market capitalization on productivity by measuring of main aspects of ROE and ROA. The results have indicated that equally internal & external economic connected influences have a strongly effected to success of the business.

Tax, interest and exchange rates fluctuation are another key portions which affects sustainable SME growth (Robertson et al, 2003). Over interest rates & levy rates decrease the revenue margins in any business organization (Belliveau and Sandberg, 2009). The same number of SMEs don't have the volume for manage tax payments and therefore essential to refer specialists for a payment in order to encounter these legitimate requirements (Luiz, 2011). This has discouraged business operations. However, the bank needs to educate them on external economic changes and effectiveness of the same to the business activities conducted by the bank, in order to meet the challenges in proper way.

Critical reviews on Consumer related factors

Identification of SME success is more vital area of studies and nonetheless study become further complex when try to understand to regulate influences that lead to success. However, success of the SME business mainly depends on key person's characteristics such as knowledge & skill and strategic planning, innovation, management capability of the client.

Every SME business have right of entry to a wide group of skill & knowledge. This can be in SME's empathetic of buyer wants & industry background with skills & capability of workers. Technique a SME encounters, stakes and deftness mentioned knowledge will be fundamental for its capability to grow effectively. Considering entrepreneurial knowledge, the existing (within business) knowledge in the business are more important and that can be identified as i. The experience of workfares in the entity ii. The policies and procedures of products & services iii. Internal sources which are stock knowledge (documented or digitally held information) iv. Strategic tactics v. impression of new product development. The challenge is connecting said understanding in an intelligible and creative methods (Babu, 2012).

Introducing somewhat new to market says innovation in SME. This can be, improving or replacing business processes to increase effectiveness and output beautify spread the range or excellent of current merchandise. Developing completely new and progressed products and offerings. Adding fee to present products, contributions or industry to separate the trade from its competition and boom the superficial price to clienteles and marketplaces. Novelty can suggest a sole foremost advance consisting of small, incremental changes (Dissanayake, 2019).

Management capacity of SME client define ability to manage resources such as human resources, capital resources (machineries are accustomed production), financial resources (the cash endowed by the higher management in shopping for product and services for the corporation) and raw materials (the materials accustomed turn out the product). This resources manager effectively to realize a plus over competitors mean managed capability of business key person. Moreover, structure capabilities ought to be distinctive to the organization to forestall imitation by alternative competitors. Increasing and growing capabilities be able to support tiny business managers gain a profit during a competitive atmosphere (Kelchner, 2020).

The Research Model

Considering the limited studies on this area, research model of this study has been developed by analyzing a wide review of literature which are behind in the research. literature review on study described that there was limited direct studies on this area. However, conferring to the analyzing the factors affecting to the SME growth/success of banking industry ware mainly focus on development of research model in this research.

Conceptual Framework

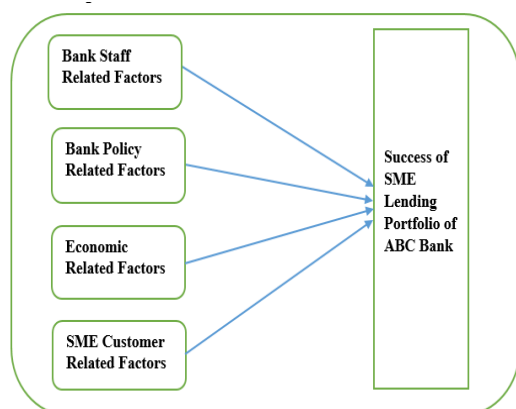


Figure 1: Conceptual Framework
Source: (Author Developed, 2020)

Hypotheses

- H1_a** - Staff related factors affected on SME business growth
 - H1_b** - Policy related factors affected on SME business growth
 - H1_c** - Economic related factors affected on SME business growth
 - H1_d** - Consumer related factors affected on SME business growth
- Conceptual Framework

Research Methodology

Research is associate degree organized analysis that uses appropriate scientific methodology to answer issues and generate contemporary incontrovertible fact that is applicable normally. Scientific approaches comprise of method observation, sampling, grouping and clarification of information. During this analysis qualitative strategies are accustomed collect information. The entire research has planned and designed in a proper way (Saunders, Lewis and Thornhill 2012).

The research philosophy of this study is realism, since the researchers want to identify the existing nature of customer related factors on SME loan portfolio. As per the review of literature, researchers hardly found any similar study in local and global context. Hence, create new findings of this area researchers selected inductive approach for study. Survey strategy is more economical research strategy and it was used this study to find out huge information to given solution to why, who, what, where, when and how of the research. In addition to that through this strategy researchers collected rich and reliable data. As per the main purpose of this study, researchers basically collected primary data by using questionnaire. Hence only quantitative method used for collecting data. Hence, author has considered mono method as a

choice for this study. This study mainly focusses on analysis of factors affecting to the SME growth of banking industry in present moment. As well as, cross-sectional studies have been using to describe what is happening at the present moment. Hence, the time frame for this study used cross-sectional.

A satisfied sampling method has been used to collected data as a random sampling from the SME clients where this sample was representing the entire bank in line with the Likert scale questionnaire. Further the questioner was circulated among the SME clients of the bank on following basis and the sample size consists of 200 SME owners as it is more accessible and convenient for this study. 1

In addition to that, measure the growth of SME lending portfolio of XY bank, sample considered using pull through rate. Hence, the lowest ratio percentage indicated district of Kegalla, Kurunegala, Ampara and Anuradhapura SME consumers have carefully chosen for select sample to this study. Further, Sample size calculator, the confidence interval has entered as 10% and confidence level has inputted as 95%. The calculator results predicted the least possible needed sample of SME client size as 96. Nevertheless, so as to realize higher outcomes, the researchers selected as 200 SME customers for study. However, solely 173 questionnaires collected throughout the gathering of questionnaires. During the primary groundwork of data, the researchers have abolished seven incomplete respondents from 173 respondents. Further, rest of 166 respondents, after that the researchers follow through box plots analysis and researchers carried out box plots and another 14 respondents removed as outliers. Therefore, remaining 152 respondents selected for the final analysis.

Data Presentation and Analysis

Demographic factors have been identified through questionnaire for identify scope, background of the correspondent. Consequently, among 152 respondents, 132 were male borrowers and solely 19 of them are female. And majority of seventy-seven (51%) SME customers completed their studies up to A/Ls. The second highest was indicated from studies up to O/L (18%). The bulk of the SME customers are within the age vary of 30 years to 40 years. Survey data also indicates that 64 SME borrowers who have 5 to 10 years' experience in industry and 53 respondents have over 10 years' experience. As well as, 50 SME borrowers in XY bank (33%) who has been engaging their business in manufacturing industry and second highest 26% in trading business. As per questionnaire results, it shows that bulk of 131 times participant have obtained term loans facilities and 115 times permanent overdraft facilities from bank. And majority of the SME clients are registered their business as a sole-proprietorship that represent 48% and other majority of 33% of business are managing under partnership registration.

Correlation Analysis

Based on the correlation summary, R value for three independent variables are having positive values. They are staff factors, bank internal policy factors & customer factors. These R values represent .458, .320 and .208 respectively. Based on this results, the researcher has identified that there are having positive correlation with dependent variable of SME growth. However, highest correlation of significant strong level positive correlation identified from staff related factors & second highest correlation of significant moderate level positive correlation identified from policy related factors. Customer related factors

have significant week level of positive correlation and considering economic related factors, it has R value negative -.185. Therefore, it indicated significant week level negative correlation with variable of SME growth. However, all variables have significant values with depended variable.

Table 2: Summery Correlation analysis

Hypothesis	Pearson Correlation @	Significance Value (P)	Results
Staff related	.458	0.000	Significant Strong
Credit Policy	.320	0.000	Significant
Economic related	-.185	0.023	Significant week
Consumer related	0.208	0.010	Significant week

Source: (Author Developed, 2020)

Multiple Regression Analysis

The research worker verified the relationship between employees connected factors, policy connected factors, client connected factors and economic related factors exhausting multiple correlation model.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.51	.264	.244	2.0359	1.925

a. Predictors: (Constant), Independent Variables- Staff related factors, Bank internal credit Policy factors, Economic

Source: (Author Developed, 2020)

Model summary of multiple regression method analysis show above table and as per the generated values of the table, R Square is 26.4% and comparatively indicate less value, however, the model is useable since "ANOVA" result has been

significant (Sig. 0.000) and addition to that, 'Durbin & Watson' test indicator is 1.925, which is between 1.5 and 2.5. Finally, the researchers identified that the regression model has been valid.

Table 4: 'ANOVA' a Table for Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	218.704	4	54.676	13.191	0.000 ^b
Residual	609.296	147	4.145		
Total	828.000	151			

Dependent Variable: SME growth
Predictors1: (Constant), Independent Variables- Staff factors, Bank internal credit Policy factors, Economic factors, Consumer factors

Source: (Author Developed, 2020)

As per the outcomes from the ANOVA regression model investigation shows that sig. value is 0.000 & that is indicate highly significant position. Consequently, considering both analysis the regression model is jointly significant and can be stated that the model is suitable to take decisions. Hence, model indicate staff, policy, customer and economic related factors influence on SME growth. In addition to that, the researchers supplementary tested, individual effects of supposed variables creating coefficient table.

Table 5: Coefficients Table for Multiple Regression

Model Ind. Variables	Unstandardized Coefficients			t value	Sig. value
	B	Std. Error	Beta		
Staff Related Factors	0.672	0.139	0.371	4.831	0.000
Policy Related Factors	0.221	0.105	0.154	2.003	0.037

Customer Related Factors	0.151	0.087	0.125	1.729	0.046
Economic Related Factors	-0.094	0.064	-0.105	-1.464	0.145

Source: (Author Developed, 2020)

As per the above table, four independent variables were tested in multiple regression. Accordingly, the first independent variable was staff related factor, it was having Sig. Value of .001 and B value of .369. Based on that staff related factors had significance positive impact (highly significant positive influence) on SME growth. As well as, second variable of policy related factors also had significance positive impact (Significant positive influence, Sig. Value of .047 and B value of .211) on SME growth. Furthermore, third variable of customer related factors also has significance positive impact (Sig. Value of .046 and B value of .151) on SME growth. When considering economic related factors, it was having insignificant value of .145 and negative B value of -0.094. Based on that economic related factors had insignificant influence on SME growth.

The research consists of four hypotheses. As per the data derived out of the statistical analysis, the following results were generated.

Hypothesis H1_a is accepted (B Value = 0.672, P Value = 0.000)

Hypothesis H1_b is accepted (B Value = 0.221, P Value = 0.037)

Hypothesis H1_c is rejected (B Value = -.094, P Value = 0.145)

Hypothesis H1_d is accepted (B Value = 0.151, P Value = 0.046)

Summary findings of correlation and Multiple Regression analysis.

Table 6: Correlation and Multiple Regression summary

Analysis	Correlation			Multiple regression analysis		
	Per. Corr (R)	Sig. value (P)	Relationship	B value	Sig. value (P)	Relationship
1 Staff related factors	.458	.000	Significant strong level positive correlation	.672	.000	Highly significant positive influence
2 Policy related factors	.320	.000	Significant moderate level positive correlation	.211	.037	Significant positive influence
3 Customer related factors	.208	.010	Significant week level of positive correlation	.151	.046	Significant positive influence
4 Economic related factors	-.185	.023	Significant week level negative correlation	-.094	.145	Negative not significant influence

Source: (Author Developed, 2020)

Discussion and Conclusion

Achievement of research objectives

Table 7: Rank wise Research objective achievement.

Variable	Correlation		Multiple regression analysis		Relationship	Rank as per the relationship strength
	Per. Corr - R	Sig. value (P)	B value	Sig. value (P)		
Staff related factors	0.458	0.000	0.672	0.000	Highly significant positive correlation and significance influence	1
Policy related factors	0.320	0.000	0.211	0.037	Moderate level correlation with Significant positive influence	2
Customer related factors	0.208	0.010	0.151	0.046	Week level correlation with Significant positive influence	3
Economic related factors	-0.185	0.023	-0.094	0.145	No significant influence	No significant impact

Source: (Author Developed, 2020)

The broad data analysis has been completed by the research worker on top of are provided awareness concerning the impact to the main objective and also the specific objectives of the study. The main objective of this study is to distinctive the factors affecting the SME lending growth of XY bank. This was tested with the participants through the association between credit staff, credit policies,

customer and economic factors. As per the above table and to fulfil the main objective of the study, the researchers identified that staff related factors, policy related factors and customer related factors have impact on XY bank SME loan portfolio growth. Throughout the above factors, staff related factor has highest impact on XY bank SME loan portfolio growth. In addition to achieve specific objective of the study, the researchers also identified that staff related factors has highest impact on XY bank SME loan portfolio growth. Economic related factors haven't impact on SME growth of the bank.

Main objective achievement - Staff related factors, policy related factors and customer related factors have impact on the growth of the SME lending portfolio of XY Bank.

Specific objectives achievement - XY bank staff related factors has highest influence on growth of SME lending portfolio as per consumer perspective of the bank.

Based on the findings of this research it is recommended that Improve staff, policy and customer related factors to grow one of profitable arm of SME lending portfolio of the bank XY bank (Staff- Credit skills, knowledge & Staff attitudes, Customer service and Relationship Management / Policy- Credit Policy of the Bank, Credit approval procedure, Credit standards and terms / Customer- Knowledge & Skill, Strategic Planning, Innovation and Management capability) In addition to that government policy takers can take this research as an example for SME policy development.

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Author Biographies



Nishan Mallikarachchi Relationship Officer – SME Hatton National Bank PLC North Central Region. (Associate Member of the Institute of Bankers of Sri Lanka (AIB Sri Lanka), DIMF (Frankfurt School/IBSL), DICM (IBSL), DSMEF (IBSL), Reading for MSc in Management at Sir John Kothalawala Defence University and final stage for Postgraduate Diploma in Professional Marketing (CIM-UK)



Lahiru Gunathilake. Senior Lecturer-Grade II Department of Management and Finance. Faculty of Management, Social Sciences and Humanities. General Sir John Kotelawala Defence University.