

REGIONAL CONGRUENCE, HARMONIZING POLICY, AND ECONOMIC PROSPERITY: THE ROLE OF BANKS THROUGH INNOVATION - LED STRATEGY

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Abstract

“Harmonized economic policies and harmonized trade create harmonious economic prosperity, just like a well-balanced symphony”. What is the role of a banker in this orchestra? This paper discusses the role of banks in facilitating regional congruence, harmonizing policy and economic prosperity turning towards an innovation-led strategy. It opens the discussion with an introduction to the topic. Why regional congruence and harmonizing policy is necessary for economic prosperity is discussed next. Paper presents key insights from a recent survey, ‘The Global Financial Development Report, 2017/2018: Bankers Without Borders’ issued by the World Bank. The survey report is a key component in the ongoing debate over the role of international banking in facilitating economic growth and promoting shared prosperity. Paper presents new insights on benefits and costs/risks of International Banking, which are useful for practicing bankers and policy makers, to facilitate regional congruence and harmonizing policy for economic prosperity. The paper discusses findings of a recent survey conducted by Ernst & Young (EY) on ‘The Global Banking Outlook 2018’. Paper highlights six questions to be answered by a bank, to examine its readiness to adopt innovation-led strategies towards global banking operations. Answers to the six questions evaluate the level of ‘digital maturity’ of the bank. Finally, the paper discusses the roles of banks through innovation-led strategies for regional congruence, harmonizing policy and economic prosperity. Bankers play many roles in global banking operations, to ensure regional congruence, harmonizing policy and economic prosperity through innovation-led strategy. In this study five key roles were recognized: Facilitator; Risk-taker; Head-hunter; Team member and Strategist. This paper presents important insights to practicing bankers and policy makers.

Keywords: Regional congruence, Economic Prosperity, Role of banks, Innovation-led strategy

Introduction

“Harmonized economic policies and harmonized trade create harmonious economic prosperity, just like a well-balanced symphony. Can the banker be the composer or be the conductor? Or can a banker at least be a part of the orchestra?” – APB, Daily FT, September 19, 2018.

‘Congruence’ means ‘harmony’ or ‘in agreement’. When things are in agreement or in harmony they fit together well, and can be combined without any problem or conflict. ‘Regional congruence’ means countries in a region are in agreement or in harmony with something, such as economic policies, trade policies, financial policies etc. Regional congruence on important policy matters ensures smooth operations among countries in the region without a problem. Regional congruence and harmonizing policy create smooth and steady economic prosperity among individual countries, ensuring sustainable growth in the region.

Since the modern globalization emerged in the 20th century, individual countries and economies in regions no longer work in isolation. They are interestingly intertwined through regional economies. Congruent and synchronized policy directions facilitate harmonized economies in the region. Harmonized policy or balanced and aligned procedures facilitate transformation and integration with the region, which ensures economic prosperity, growth and stability of the individual countries. Trade is the channel that connects different economies. Trade or commercial integration brought about in the last century had removed many trade barriers across borders. To facilitate global trade and integration, many multinational trade contracts and agreements have been signed, such as the General Agreement on Tariffs and Trade (GATT); North American Free Trade Agreement (NAFTA), the European Union (EU), bringing many benefits to the member countries. Agreements such as the EU has facilitated elimination of tariffs between member states, and the World Trade Organization. Multinational cooperation or congruence in economic and trade policies have increased since signing of the special commercial contracts or agreements. They have improved commercial integration, and facilitated trade-related or production-related Foreign Direct Investment (FDI) to countries instead of only portfolio investments, in the form of a group of assets, such as transactions in equity securities (e.g., common stock) and debt securities (e.g., bonds and debentures), compared to the 19th century.

Improved commercial integration has resulted in lowering trade barriers reducing transport costs, facilitating better regional congruence and harmonizing economic policy among individual countries. The prosperity brought about by synchronized regional economies will always be greater than the results of the individual economies within the region. Individual trade policies which are not compatible with other countries in the region will create conflict among countries, hindering growth and economic prosperity of the individual country, as well as the region. Thus, irregularity in trade policies among individual countries create disharmony and mistrust among nations. Harmonized economic policies and harmonized trade create harmonious economic prosperity, just like a well-balanced symphony (APB, Daily FT, 2018). In this symphony, what is

the role of the banker? Is it the composer/originator? Is it the conductor/ performer? Or is the banker a part of the orchestra?

Firstly, it is necessary to look at the banks' traditional cross border practices over the decades. Banks have got used to many harmonized cross border practices. They are in agreement with uniform customs and practices in facilitating International Trade. Banks worldwide coordinate with Payment and Settlement Systems in facilitating cross border transactions. Banks are in agreement with Uniform Customs and Practices, sharing rules and regulations in international financial markets. The banks across international borders share the same capital requirements or BASEL requirement for banks. International financial agreements, such as SWAPS and derivatives bring contractual congruence among banks across borders. Further, accounting policies and regulations are common across international borders, and the principles of banking laws are shared across different jurisdictions.

Bankers adhere to many synchronized cross border practices over the years, to ensure smooth international trade and finance operations. By adhering to the rules and regulations, banks facilitate regional congruence through harmonized financial and international trade policies. The role of banks to promote regional congruence towards economic prosperity depends on the individual bank's strategy and strength to adjust to the rapidly changing internal and external business context, including local and international financial and trade policy changes. A decade after the last global financial crisis in 2008, the banks are now faced with several new challenges and pressures. Investment in new technology to improve efficiency and manage evolving risks/threats from international growth opportunities will be critical for banks in the present 21st century. The conventional roles banks played, and strategies used in harmonizing policies in international markets 10 years ago, need to be changed now turning more towards technology-driven, innovation-led strategies.

This paper discusses the role of banks in facilitating regional congruence, harmonizing policy and economic prosperity turning towards an innovation-led strategy. Firstly, the article discusses why regional congruence and harmonizing policy is necessary. Secondly, it presents key ideas from the Global Financial Development Report, 2017/2018: Bankers Without Borders' issued by the World Bank, which is a key component in the ongoing debate over the role of international banking in facilitating economic growth and promoting shared prosperity. This section highlights new insights on benefits and costs of International Banking, helpful for banks to facilitate regional congruence, policy harmony towards economic prosperity. This section is followed by findings of a recent survey conducted by Ernst & Young (EY): 'The Global Banking out-look 2018'. It presents six questions to be answered by a bank in order to become a mature 'digital leader'. Finally, the paper discusses the role of banks through innovation-led strategies for regional congruence, harmonizing policy and economic prosperity.

Why Regional Congruence and Harmonizing Policy is Necessary

Global, as well as national economies, are dynamic; they change and change constantly. Policies issued by the respective governments and relevant institutions, such as the Monetary authority etc., govern the direction of individual economies. Generally, the individual economies within a region move in their own phase in distinct wavelengths and frequencies. “What governments and people don’t realize is that sometimes the collective interest – the international interest - is also the national interest.” (Kofi Annan). When they move against each other the consequences are destructive. However, when there is ‘regional congruence’ or when countries in a region are ‘in agreement’ with some important policy matter, such as economic, trade or financial policy, it ensures smooth operations among countries without conflicts. Regional congruence and harmonizing policy are beneficial to the individual countries in the region: countries complement well with each other; building on each other’s strengths, thrive together with definite success; security-wise, jointly protected in the region from external forces. Harmonizing in economic policy matters plays a critical role in individual countries of a region, by generating trade, creating jobs and promoting growth and sustainability in the long run. The success of harmonizing policy will be felt within the region, strengthening it among other regions in the world.

Liepach (2018), citing Central Asian Region as an example, further elaborates why individual countries in a particular region should encourage economic cooperation through regional congruence:

- Regional Congruence facilitates stronger transport and trade relationships through coordinated physical investments and harmonization of economic and trade policies, rules, and procedures.
- It promotes economic passages and value chains crossing individual sovereign borders.
- An integrated central regional market can be developed with ‘economies of scale’ necessary to compete in other regions/international markets.
- It facilitates economic and financial stability through adopting harmonized policies (fiscal, monetary, and exchange rate policies), to prevent financial disasters;
- It addresses shared systemic risks in banking systems; implementing common regulation and supervisory standards; and sharing lessons and experience from the implementation of countercyclical policies during crisis periods.
- Individual-country focus on national strategies and actions could be focused on collective regional strategies through regional congruence, to benefit the region as a whole. For instance, regional congruence on important policy matters among countries facilitate actions needed to promote Foreign Direct Investments (FDI) and international trade; promote energy, food and water/air security-related negotiations; strengthen environmental sustainability in the region. In regions such as Central Asia, regional congruence is very important as the individual

countries utilize shared natural resources, joint eco-systems, trans boundary water management cooperation etc.

- Regional congruence in labour markets and in education fields facilitate job creation in individual countries, on win-win agreements. Moving toward common qualification and certification standards for technical and vocational education; promoting faculty and student exchanges; establishing regional centres of excellence in specialized subject areas; and introducing new productivity-enhancing technologies at the regional level for cost-effectiveness.
- Regional labour information systems match labour demand and supply in the member countries, and new employment and entrepreneurship opportunities could be generated.
- Regional congruence could facilitate building enough economic stakes in the region that promote peace and prosperity, noticeably reducing the threat of aggression and war.

Hence, we understand that regional congruence and policy harmony is essential for economic prosperity and stability in individual countries, as well as regional territories. What is the role of banks in this vital task of regional congruence and policy harmony? Prior to answering this question, it is important to understand the position of global financial development in 2017/2018, with regard to international banking operations. Hence, we highlight the salient features of a recent survey conducted by the World Bank, on global financial development based on international banking or bankers without borders.

Global Financial Development 2017/2018: Bankers Without Borders

The 'Global Financial Development Report 2017/2018: Bankers Without Borders' by the World Bank is a vital source of information, which reports new research and insights on the role of international banking in facilitating rapid economic development, promoting shared prosperity and reduction of poverty. The role of banks in regional congruence, harmonizing policy and economic prosperity mainly depends on the type of the bank and its global banking operations. Accordingly, the World Bank recognizes four types of banks: An International Bank (a bank with cross-border activities or foreign subsidiaries/branches, or both); a Global Bank (an International Bank with operations in multiple regions); a Regional Bank (a bank that focuses its operations on a specific region), and a Domestic Bank (a bank that does not have any international or cross-border operations). Thus, the international banking operations and the magnitude of their contribution towards regional congruence and economic prosperity vary according to the type of banks.

International banks, global banks and regional banks play a major role in global financial development. These banks engage in international activities through cross-border flows and foreign participation in domestic banking systems (brick-and-mortar operations/branch in a

foreign country). Trade in financial services most commonly conducted in international banking, lending, deposit taking or insurance. Their operations are key to regional congruence, and policy harmony, to realize economic prosperity. International banking may facilitate rapid economic growth in two ways. Firstly, it provides the essential capital flows, expertise and new technologies, which help the domestic financial systems to become more competitive. Secondly, international banking empowers domestic banks in risk-sharing and diversification, protecting them from internal and external uncertainties. However, international banking has its own weaknesses and risks. The last financial crisis is a clear example, which demonstrated how international banking can spread shocks across the global banking industry.

Currently, the global reform agenda is influencing financial globalization, precisely, banking. In the decade immediately prior to the global financial crisis in 2007/2008, banking activities across national borders increased sharply, showing a trend of a rapid growth. Benefits such as additional capital flows, liquidity and technological improvements, which facilitated greater efficiency and financial development in global banking were observed. However, the global financial crisis forced to review the benefits of international banking or bank globalization, as the international big banks were responsible for spreading the financial crisis across the globe. Thus, policy makers, throughout the developing countries, together with special committees such as Financial Stability Board (FSB), the G20 member countries, voiced their concerns on negative effects of international banking.

After the last global financial crisis in 2007/2008, benefited by increased globalization for over a decade, international banking experienced a slow growth. Huge reductions in cross-border fund flows, and less foreign bank entry were evident during the immediate post-crisis period. The trends in foreign bank entry differed across countries. Banks in developed countries reduced their foreign investments, however, banks in developing countries continued to invest abroad. They made foreign investments in two ways: (i) cross-border investments and (ii) brick and-mortar operations in foreign countries. International banking through foreign investments moved towards a more regionalized banking system. Hence, international bank lending became an important source of finance for developing countries, despite a change in composition since the last financial crisis. However, regulatory barriers to international banking increased, making challenges to be met complex and, sometimes, discouraging. Thus, scholars argued, regulatory barriers, at times, hinder the benefits of international banking. The recent survey by the World Bank highlights new insights on benefits and costs of bank globalization or 'banks without borders'. The insights are helpful to understand the role of banks in regional congruence, and harmonizing policy for economic prosperity. The new understandings hint or suggest the bankers as to what type of strategies they should introduce to achieve regional congruence, harmonizing in policy towards economic prosperity and stability.

New insights on benefits and costs of International Banking

The 'Global Financial Development Report 2017/2018: Bankers Without Borders' presents new research evidence on benefits and costs of international banking, especially for developing countries. It highlights evidence of causes and effects of international banking, especially, for economic growth, shared prosperity and poverty reduction. The research fills a gap in current knowledge of international banking, and contributes key insights to policy makers and bankers.

Key insights of the role of banker in International Banking:

- International Banking facilitates economic development and prosperity, by enhancing efficiency and risk sharing.
- The institutional environment needs to be developed and strengthened, with a good information system, contract enforcement, strong regulation and supervision etc., and right policies are to be adopted, to realize the benefits of International Banking.
- Differences in bank characteristics and home and host country conditions to be considered when designing effective policies in banks.
- Strong institutional environments and adaption of right policies, are key to maximize development and risk-sharing benefits and minimize costs/risks of international banking. However, with the changing composition of the industry and increased role of technology, coordinating regulation and supervision remains a major challenge for policy makers.
- Countries that are 'open' could benefit by international banking through global inflow of funds, knowledge capital, and opportunity. However, openness also brings in more volatility, and exposes a country to challenges such as foreign exchange risks, foreign monetary policy shocks, other mismatches etc.
- International banking operations have the potential to improve competition in the local banking sector, upgrade skills of human resource, and increase efficiency of resource allocation. Further, risks can be shared and diversified through international operations.
- Cross-border flows tend to be more volatile and less resilient than a brick-and-mortar bank presence. Thus, it is a challenge to encourage the right type of foreign bank presence or forms of capital flows, without causing distortions.
- The regulation and supervision of international banking are complex, and should involve extensive cross-border coordination. Thus, more intensive cooperation between home and host countries, going beyond memorandums of understanding and information exchanges, is recommended.
- The need of a well-functioning domestic capital market was recognized after the financial crisis, due to a disintermediation trend arose whereby cross-border bank credit was substituted with capital market funding.
- New players and challenges were recognized in International Banking: Fintech firms are growing rapidly, speeding up transactions at a lower cost, and developing technologies for data security, risk management, mobile banking and alternative currencies.

- Fintech developments could have significant implications for the global banking setting. So far, the relationship between global banks and Fintech firms has been mainly complementary, with incumbent firms driving investments into the Fintech sector.
- Fintech operations also involve risks. Regulators are paying close attention as to how Fintech are revolutionizing the sector, bringing new challenges to the already complex supervision and regulation of foreign banks.
- Regulators need to keep pace with the rapid entry of new, nonbank providers into the market, and their rapid rolling out of digital services. They need to pay attention to the potential risks that these changes may involve. It would help protection of vulnerable customers, discrimination, unhealthy competition in the industry, privacy concerns related to sharing of consumer data etc.
- The trend toward digitalization and technological innovation is predicted to increase the role of nonphysical distribution channels in banks in the future.

Above research findings highlighted benefits and costs of International Banking. The insights help us to understand how global banking operations could facilitate regional congruence and policy harmony towards economic prosperity. However, bankers need to follow the right strategy in order to acquire the expected benefits and avoid the costs/risks of global banking. Findings of the following survey by Ernst & Young, 'Global Banking Outlook 2018: Pivoting towards an innovation-led strategy' would help bankers to review their 'digital maturity' and identify their strengths and weaknesses towards an innovation-led change.

Global Banking Outlook 2018: 'Digital maturity' Towards an Innovation-led Change

Ten years after the global financial crisis, it appears that the banking industry has recovered from the negative effects of the crisis, and the attitude of bankers is very optimistic towards the future. A recent survey, 'Global Banking Outlook 2018: Pivoting towards an innovation-led strategy' conducted by Ernst & Young, with 221 financial institutions across 29 markets, reveals that bankers are positive about their ability to improve their financial performance in 2018 and beyond. In this survey, about 85% of banks have stated that implementation of a digital transformation program is a business priority for them in 2018. The investment in technology and a transformation in digital operations are banks' priority to increase efficiency, manage evolving risks and benefit from growth opportunities towards sustainable success.

The above survey in the global banking industry suggested that in order to achieve economic prosperity and sustainable success, banks should pivot towards innovation-led strategies, while gaining 'digital maturity' in a technology-driven business context. Further, researchers argued, "banks must do less themselves and make extensive use of an ecosystem of industry utilities and a diverse range of partners to support investment, deliver better services, drive out costs, manage risks and protect their organizations"(Ernst & Young, 2018).The survey indicated that the banks are keen to improve their performance by investing in digital transformation in 2018.

However, banks must reflect on some key questions about their strategy and readiness to advance their own 'digital maturity'.

Despite improved performance, many banks have significant work to do to deliver sustainable long-term profitability. Accordingly, the banks must answer the following six key questions, to ensure 'digital maturity' or that they are ready for innovation-led change in their digital systems.

i. Does my bank's strategy take into account rapidly changing revenue and profit pools?

Researchers have suggested that in order to be efficient and effective, new technology should be implemented along with strategy. Hence, it is critical for the banks to have a clear focus in their strategy, which defines its operating model and identifies strategic markets, key customers/partners and winning products. In addition, strategy should be regularly reviewed along with the rapidly changing business context, given the pace of technological change.

The above survey revealed that 70% of banks will invest in technology to strengthen their competitive positioning and build market share over the coming three years.

ii. What is my role in the 'ecosystem', and how do I innovate efficiently?

"An 'Ecosystem' can be viewed as any system or network of interconnecting and interacting parts. The important feature of an ecosystem is the lively interactions among the elements. It is a dynamic set of interrelationships that create value" - Dharmasiri, 2017.

Globally, banks have reduced the number of in-house functions and found partners to initiate innovation. Thus, it is important for the banks to have a deep understanding of their strengths and weaknesses, in comparison to their existing and potential competitors, as well as their out sourced partners. Thus, a clear idea of the functions an out sourced partner might be able to do better, or at a lower cost, or both is critical. Many successful banks are partners in a new, broader type of ecosystem, where the culture will be one of collaboration, not protectionism. Hence, relationships with FinTech firms, utilities, managed service providers and even own competitors will be a common sight.

The research indicated that 37% of banks on average expect to develop new technologies in-house.

iii. How do I implement strategic changes in a rapidly evolving digital environment?

It is not always necessary to use modern technologies as first movers, as there is often limited advantage to being a first mover. Any benefits or positive effects can be quickly reduced by fast followers, who learn lessons from first movers. Further, “banks spend about 75% of their IT budgets on maintaining legacy architecture, often on tactical patches that embed poor processes that then spread to new technology. For example, robotic process automation can radically reduce costs, but applying robotics to existing procedures may just reinforce inefficiencies” (Ernst & Young, 2018). Hence, implementation of innovative strategies in a bank crucially depends on the rapidly changing business and digital environments, as well as the timing of using modern technologies.

The research revealed that 85% of banks cite implementation of a digital transformation program as a key business priority for 2018.

Further, 62% of banks indicated that they expect to become digitally mature or digital leaders by 2020.

iv. How do I change my talent/Human Resource (HR) to support a more digital business?

The stars of the future talent might well be internal entrepreneurs, as opposed to those who excel at in-house development. This brings implications for talent acquisition at all levels of an organization. Other talent-related trends include automation that releases HR to perform more value-added tasks, and the migration of talent from banks to technology firms and service providers. A sharp focus on internal cost reduction through new processes/outourcing/software robots etc., may seem threatening to the retained organisational talent. There are understandable concerns among the existing employees, and banks must prevent a “them vs. us” mentality that reduces motivation and can lead to a talent exit.

In the survey 83% of banks cite recruiting, developing and retaining key talent as a key business priority for 2018.

v. Am I sufficiently considering new risks and the need to embed cybersecurity in my strategy?

The borders between internal and external risk are appearing to be fading as the pace and scale of technological changes are speeding up. Hence, it is essential for banks to successfully manage these developing risks, to maintain high levels of digital trust and security. Banks will be better able to identify and mitigate digital risk by introducing cybersecurity policies and practices throughout the organization. Banks create value when the rationale for cybersecurity

shifts from preventing breaches to enabling innovation and growth.

In this survey 58% of banks indicated that they are planning to invest in technology to mitigate cyber threats although enhancing cyber and data security is the number one priority for banks.

vi. How do I transform my technology and the technology organization?

‘Digital maturity’ has been considered as a moving target. The most successful banks understand where emerging technologies support strategic objectives and their limitations. Hence, prudent and established banks do not get caught up in publicity about new, unproven technology. The marks of a true digital leader are organisational flexibility, agility and an ability to execute change and demonstrate success. Banks need to demonstrate to supervisors (and other stakeholders) that they understand the risks associated with new technologies and pursue innovation in a way that enhances, or at least maintains, operational and financial flexibility. Hence, in order to be more successful and achieve economic prosperity and stability, banks need to become ‘digitally mature’ at the right time and at the right pace. Innovation-led strategy can help banks become digital leaders towards economic prosperity and sustainable success.

In this survey, 42% of banks expect rising technology budgets to have a very positive impact on IT, more so than any other banking function.

Global Banking: Role of Banks through Innovation-led Strategy for Regional Congruence

Researchers have recognized that the global banking environment is considerably healthier now than it was a decade ago, at the beginning of the global financial crisis. For instance, in a recent survey, majority of the participant banks expect their revenue and profitability to improve over the next 12 months to three years, despite rising costs (Global Banking Outlook 2018, by Ernst & Young). Insights from recent research in the global banking industry highlighted that International Banking/bank globalization or ‘banks without borders’ facilitate many benefits that lead to regional congruence and policy harmony towards economic prosperity.

As discussed, the report highlighted that banks need to direct their focus towards innovation-led strategies in their banking operations, to achieve regional congruence, economic prosperity and sustainability in success. Hence, banks wear few different hats, or play different contrasting roles, in order to achieve success in global banking operations.

Facilitator: In international Banking operations, bankers play the key role of a ‘facilitator’, enabling regional congruence and policy harmony for economic prosperity. The international trade operations are enabled through International Banks, Global Banks or Regional Banks,

as discussed above. It was highlighted that ‘innovation-led strategies’ are critical for banks to conduct their global operations. The survey ‘Global Banking Outlook 2018: Pivoting towards an innovation-led strategy’ by Ernst & Young (2018) indicated that greater ‘digital maturity is critical for banks for future success, in global banking operations, as well as domestic banking. In other words, banks need to be digitally mature, or should have a well-developed information system. In addition, banks need to address six vital questions to be confident that they are ‘digitally mature’ and ready for innovation-led strategies towards development. Bank has to facilitate a key role in this task. Hence, banks play the role of facilitator in upgrading its technological processes towards global banking for regional congruence and harmonizing policy.

Risk-taker: In the modern business context, globally or locally, banks are faced with increasing competitive challenges: Banks are facing increased competition from a range of new market entrants, including digital banks, FinTechs, institutions offering high-touch and high-tech branch services, e-commerce and telecommunications firms etc. These challengers have emerged in response to rapidly changing customer expectations and behaviours, and are forcing banks to invest in customer technology to prevent customer leakage and preserve their value chain. In this regard, the banker plays the role of a ‘risk taker’ in regional congruence and policy harmony.

Head-hunter: Cyber risk has become a top evolving risk in international banking. The results of the Global Banking Outlook Report 2018 (Ernst & Young, 2018) reveals that enhancing cybersecurity has become the top priority for banks in 2018. Banks’ top management teams focus on investing in HR talent and technology to enhance cybersecurity. However, they are likely to face a range of new problems in global banking: Finding the right talent when there is a cybersecurity skills shortage and how to integrate cyber experts into their organizations. Hiring people with the right cyber skills, and helping them develop the right business and risk skills for a banking environment is a vital responsibility of a bank to be successful in their global operations. Hence, in order to facilitate regional congruence and policy harmony through global banking, a banker needs to play the role of a ‘head-hunter’.

Team member: Research has suggested that, “Artificial intelligence (AI) and advanced analytics will play a key role in the prevention of cyber-attacks, reducing conduct risk and improving monitoring to prevent financial crime. Mitigating such external and internal threats is critical to both business continuity and limiting operating losses”. However, unless banks collaborate more with their peers, or make better use of the ‘ecosystem’, the required investment in advanced technologies to address these issues will be substantial and could strain banks’ ability to invest in improving financial performance through optimization and growth initiatives. Researchers have suggested that a banking ecosystem will be more important than ever. Hence, a bank needs to play the role of a ‘team member’ when engaging in international banking as a member of an ‘ecosystem’.

Strategist: Researchers argued that managing reputational and behaviour risk is a high priority in banks. The Global Regulatory Network executive briefing by Ernst & Young observes, “on the bottom line, culture does indeed count,” and improving culture is critical for limiting the

sizable downside risks of poor organisational behaviors. Further, banks are looking for new ways to manage the risks associated with financial crime and anti-money laundering compliance and are increasingly using advanced technologies, such as advanced analytics, machine learning, robotics and automated intelligence, to support these efforts. We believe that banks must act now to prepare for a future led by innovation and technology and to build scalable, digitally enabled business models that will help them weather the performance challenges that lie ahead. Hence, banker plays the role of a strategist in this regard. It focusses on future developments, including advanced technology in global banking.

Conclusion

Purpose of the article to recognize the roles of banks in facilitating regional congruence, harmonizing policy and economic prosperity turning towards an innovation-led strategy was met. Why regional congruence and harmonizing policy is necessary for economic prosperity was discussed to understand the importance of the topic. Key findings from a recent survey, 'The Global Financial Development Report, 2017/2018: Bankers Without Borders' by the World Bank gave valuable insights. This survey report is a main source in the ongoing debate over the role of international banking in facilitating economic growth and promoting shared prosperity. Benefits and costs/risks of International Banking based on the survey, which are useful for practicing bankers and policy makers to facilitate regional congruence and harmonizing policy, was discussed in detail. Key findings from a recent survey conducted by Ernst & Young (EY), on 'The Global Banking out-look 2018: Pivoting toward Innovation-led Strategies' were highlighted. The research suggested, a banker should ask six questions from itself, to examine its 'digital maturity' or readiness to adopt innovation-led strategies towards global banking operations. Answers to the six questions evaluate the level of 'digital maturity' of the bank. Finally, the paper discussed the roles of banks through innovation-led strategies for regional congruence, harmonizing policy and economic prosperity. Banker plays many roles in global banking operations, to ensure regional congruence, harmonizing policy and economic prosperity through innovation-led strategy. In this study five key roles were recognized: Facilitator; Risk-taker; Head-hunter; Team member and Strategist. The paper presents important insights to practicing bankers and policy makers, on regional congruence, harmonizing policy and economic prosperity through innovation-led strategy in banks.

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