

Wholesale Banking: Six Sigma processes in transaction banking & customer acquisition



New Rules of the game

The slowdown in the economy has lowered the credit offtake, while falling interest rates only add fat to the fire. The new rules of the game make improving Operational Efficiency a critical lever for **CEO** to deliver higher returns to shareholders.

Great Expectations

Most customers of Wholesale Banking have Multiple or Consortium Banking arrangements. In each banking transaction, the customer has a choice of routing it through any of the banks. The bank with the best service delivery & pricing clearly walks away with the largest piece of the cake!

CEO's dilemma

- How do I make my operations efficient such that we have low costs per transaction?
- How can I provide competitively priced world-class, flawless service delivery?

The only way to beat the competition at its game is to offer competitively priced "Fee based" services to the customers. Now, how does a bank keep its cost of service at the bare minimum in order to be competitive even as it surpasses world-class standards of service delivery?

Low costs and excellent service are apparently paradoxical objectives but proactive banks are leveraging **Six Sigma** to reengineer their processes to achieve these seemingly conflicting objectives and gain an impressive lead on the competition.

ECS helps a private sector bank design Six Sigma Processes to enhance efficiency & service

A leading new generation private sector bank retained ECS to redesign its Transaction Banking & A/c Opening Processes.

Benefits achieved

- 65% reduction in Cost per Customer Enrolment
- Zero variability in scrutinizing criteria
- Capability to handle 3 times the volume without any increase in staff
- 60% reduction in end-to-end TAT in transactions

Immediate action: The need of the moment

- Long delay from sanction to actual limit made to the client
- Customer waiting time for Cash, DD, PO and Fund Transfer was twice that of the competition
- High Cost per transaction, Employee productivity was low, with stress levels at an all time high
- Non-uniformity in applying compliance standards while sanctioning and enrolling customers

Insights out of the experience

- Branches will increasingly become a Customer Interface and Service Delivery Arm and not an Operations Shop.
- Simulation model based flexi-manning can ensure flawless delivery at all times with optimum manpower
- Customer can be served with 'Single Window' concept even while banks derive benefits of specialization.
- Standardized procedures can help exploit economies of scale and keep operations risk low

Wholesale results

ECS's assessment revealed opportunities to improve significantly by:

- Restructuring to re-allocate responsibilities
- Centralisation of 'deferred transactions'
- Redesigning the transaction processes
- Standardization to minimize Operational Risk
- Redesigning layout model for flexi-manning
- Institutionalizing Measurement Mechanisms

ECS redefined the role of branches and implemented the following:

Action: Exploding the roles; segregation of 'call taking' and operational activities

Consequence: Redesigned roles that released high cost qualified manpower to take up other more value added assignments, leading to savings per transaction of over 40%

Action: Centralization of activities, redesigning of processes to make them standardized yet flexible

Consequence: Reduction in Cost per transaction, Uniform Service, Increase in Straight through Processing by as much as 50%

Action: Segregation of front-end and back-end roles & redesigning of branch layout

Consequence: Employee productivity rose by 20%
TAT for DD/PO/FT & Cash reduced by 70%

Action: Defining parameters of Terms & Conditions & Leveraging Technology

Consequence: TAT reduction by almost 90% & increase in Straight through Processing by over 90% in the process of Operationalizing of Limits

ECS also developed a staffing model based on the queuing theory, addressing:

- Transaction volumes
- Servicing time
- Distribution of transactions
- Absenteeism

Contact for details

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ECS is a premier business management consulting firm in India. Its consulting practice covers **Services, Strategy, Operations, Human Resources, Change Management, Supply Chain Management & Full Value Spend.**

Experience in Banking & Financial Services

ECS's pioneering work in the **Banking & Financial sectors** has resulted in significant improvements in **Turn Around Time and Customer Service** while substantially reducing **costs** in the areas of:

Retail banking

Account initiation, centralization of operations, secured and unsecured retail lending, depositories and branch transactions

Wholesale banking

Trade finance, asset management, corporate banking, cash management services, working capital loan, term loan & corporate Internet banking

We partner all our clients from concept to implementation. Typical results of implementation have been a significant reduction in Turn Around Time and cost along with increased productivity and reliability of business processes.

Some of our leading partners include **American Express, Citibank, ICICI Bank, Dubai Islamic Bank, Deutsche Bank ICICI Housing Finance, GE Capital, Standard Chartered, ING Vysya, IDBI, Bajaj Allianz, Max New York Life and ICICI Prudential Life.**

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