

## Leveraging Six Sigma to improve profitability & service quality in trade services

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### Focus on Fee-based Income & leveraging technology

With lower credit offtake and shrinking margins, fee-generating non-fund based facilities have acquired a new importance. This has also meant increased competition in this market.

These are however, very transaction-intensive for the bank and time & cost sensitive for the customers. Given the nature of the business it calls for specialised skills, uniform processing and managing of operational risk.

#### CEO's focus area

Improving operational efficiency while maintaining service standards is the key to improving margins in the fiercely competitive trade services market

The advances in technology have made reliable remote processing solutions a reality.

Given this scenario, the dilemma facing the leadership is "What is the delivery model for making the trade service operations world-class in service delivery and processing cost?"

### ECS helps a private sector bank establish new benchmarks in trade finance

A leading new generation private sector bank retained ECS to make its trade services offerings competitive.

The bank's rapid customer acquisition over the last two years and the corresponding growth in transactions led to the following at its branches:

#### Benefits achieved

- 50% reduction in Turn Around Time across products
- 30% reduction in costs
- 50% reduction in the rejection rate of LC applications

- Turn Around Time (TAT) for LC issue was nearly nine times that of the competition
- Transaction costs were rising
- Rejection rates in applications were increasing
- Query and complaint handling process were non standard
- Duplication of data entry leading to lower productivity

ECS's assessment revealed opportunities to improve significantly by:

- Redesigning the transaction processes
- Deciding Service Excellence Measures to track the quality of the service
- Scarcity of trade services skills
- Relatively high cost of transaction

#### Insights out of the experience

- Centralised processing helps
  - Reduce costs & operational risk
  - Standardize scrutiny
  - Improve scalability
- Leverage technology to cut costs and TAT

### **ECS recommended and implemented the following:**

- Centralise trade service processing with the help of an imaging solution
- Codifying of scrutiny points involved in trade services
- Revised authority levels and created a separate process for AAA rating / low credit risk customers
- Clearly defined roles of branch and processing unit, with documented SLA

### **Consequences**

- Scarce resources were better deployed
- Operational risks reduced, because of improved scrutiny
- TAT of processing dropped significantly
- The query resolution became faster and more reliable

ECS also developed a model for employee resource addressing:

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

### **Proof of the Pudding**

- TAT for trade services comparable to competition
- Increase in productive time of employees (due to structural changes)
- Provide a scalable service delivery model
- Monitoring and review mechanism of metrics in the form of monthly Process Quality Information System (PQIS)

### **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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