

Six Sigma in Credit Card Operations



Plastic Money comes of age!

“To spend is no longer a Sin!” declared the consumer pundits. The Financial World responded enthusiastically & intensified their sales efforts, trying to woo customers with their credit card offerings. Result- a market witnessing large growths in the card base & large number of players

Spends & Customer Experience

However, persuading the customer to take the credit card was only like winning the toss! The true challenge was to get the customer to spend on the card and make him pay the much-avoided annual fee in the ‘One Customer, Multiple Card’ scenario.

In this scenario, one bad experience by the customer in service delivery would make the bank lose the customer forever. The domino effect created by negative Word-of-Mouth could spell disaster for a serious player.

CEO’s dilemma

“How do I reach a ‘Zero-defect’ state and provide quick, responsive & hassle-free service delivery to customers to become the most preferred payment mode?”

Since first impression is not only the last but also the only impression, it is important to give speedy and hassle free delivery of the card to the customer. For the Banks, on the other hand, it is an unsecured exposure and requires careful scrutiny & credit buying. This calls for meticulous thinking-through for the card issue process. Also ever-increasing transaction volumes and card base put a strain on service delivery capabilities thereby posing serious “Customer retention” challenges. Fortunately, Six Sigma as a methodology could be effectively put to use to attain these Business Objectives

Sigma ECS helped a leading multinational bank to establish new standards in their credit card customer acquisition process, using Six.

A leading multi national bank retained ECS to establish new standards in their customer acquisition process

Benefits achieved

- Over 65% reduction in end to end Turn Around Time
- Reduction in errors over 50%
- Cost per transaction reduced by over 20%

The bank’s rapid customer acquisition over a few years had resulted in high turnaround time of processing, low straight pass percentage and increased errors in transactions. The bank needed to reduce the turnaround time in customer acquisition, eliminate errors and reduce the cost of operations, while delivering cutting-edge service.

The diagnosis of the customer acquisition process, which spans from application to customer receipt of card and pin, identified significant value potential in incremental margin and cost leakage avoidance/reduction.

Insights out of the experience

- Differential processes for Green Channel Applications & potential delinquent customer can crunch TAT for vast majority of cases
- Benefit of reduced effort on ultimately rejected cases outweighs the risk of pushing the decision logic upstream in the process
- Real time tracking of every customer request to capture the customer’s experience of the process

ECS 's unique methodology for SIX SIGMA in banking sector is based on understanding customer expectations, mapping the existing workflow information and decision-flows and defining the process metrics. Bringing all customer & management issues and expectations to the surface led to an understanding of their impact on process metrics. Finally, measurement of the process metrics gave the extent of variability in service experienced by the customer.

Key initiatives

- Aligning processes with customer's experience
- Deploying customer & shareholder voice into the process
- Different processes for green channel and 'non green channel'
- Recreating the processes from a 'clean slate' such that defects are not produced in the first place
- Monitoring key process metrics

In addition to the monetary benefit, the Six Sigma initiative resulted in the gain of several intangible but invaluable benefits, such as:

- A process focused organisation
- Clarity on changed roles
- Process to manage contingencies
- Higher sensitivity to customer service
- Measurement driven quality improvement
- A continuous improvement culture
- Change Management skills

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 and Full Value Spend.**

Experience in Banking & Financial Services

ECS's pioneering work in the **Banking & Financial sectors** has resulted in significant improvements in **Service Delivery, Cost Efficiency** and **Operational Risk** reduction 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, GE Capital, Standard Chartered, ING Vysya Bank, Max New York Life, Baja Allianz and ICICI Prudential Life.**

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