

## Maintaining and Retaining Customers in Credit Card Industry thru Repayment management



### The need for speedy repayment handling

The past few years have seen various MNC and Indian Private Sector Banks compete with each other in the Credit Card Business. As consumer spending soars and Indian customers come to grips with the idea of purchasing on “credit”, banks are only too happy to satisfy customer needs for multiple credit cards.

On the other hand, banks face the challenge of processing the repayments.

The necessity of prompt and correct processing of credit card repayments comes from these major factors:

- Being able to provide best of industry service in faster processing of repayments
- Reducing the company’s float loss
- Having a robust system of collection, such that no repayments are lost
- Having a real-time IT system to update repayment information and being able to answer customer queries
- Managing partners well such that their processes work seamlessly with the company’s processes.
- Handling customer mistakes judiciously to

### Business Head’s Repayment Challenges

- Should I outsource my processing activities to service providers? How far in the process should I outsource?
- How can I consistently meet customer expectations without making huge IT investments?
- Am I able to consistently deliver the same services to the customer, month on month, across cities and more importantly across all geographies?

### Challenging the industry benchmark and setting new targets is the key to meeting changing customer expectations

A leading MNC bank retained ECS to improve its service delivery for repayment handling and processing.

#### Benefits achieved

- Improvement in process turnaround time anywhere between 25% to 60%
- Minimising cheque losses
- Creating a Query System for handling customer queries
- Providing a system of informing customers of mistakes made by them that can result in complaints

ECS’s assessment of the services rendered to the customer revealed significant opportunities to improve the turn around times of processing and pre-empting customer complaints.

- Wherever possible current timelines of processing were extended such that maximum number of transactions of a particular day was processed the same day. For this manpower allocation was done based on receipt patterns of repayments. For this, the timelines between departments were also standardized.
- Courier were taken into confidence, their processes studied and changes suggested to make their process timelines synchronized with the banks processing timelines and resource deployments
- Routes of the courier were planned and the drop box locations were rationalized
- Drop boxes were made mistake proof for loss of cheques
- Customer mistakes were acted upon immediately so that customer complaints did not come in later (approx cost of a complaint was assessed to be Rs. 17)
- Collection Agencies were monitored and their timelines audited regularly to meet the standards of the other repayment channels
- Query System was built to handle customer queries real-time

## ECS reengineered and implemented end to end business processes for centralised operations

A dedicated team of ECS consultants and client members representing all channels of repayment worked on the following channels:

- Cheque collection through Drop Boxes
- Cheque collection through ATMs and branches
- Cash collection at Drop Boxes & ATMs
- Cash collection across the counter
- Cheque collection through Collection Agency
- Cash collection through Collection Agency
- Repayment through Internet
- Repayment by calling a Call Centre

The effort involved mapping the processes end to end, gathering current state data on Turn Around Time between customer payment and updation into system, understanding the reasons of complaints and queries and benchmarking the best of industry standards on repayment processing. Bringing all customer & management issues and expectations to the surface led to an understanding of their impact on the process metrics. Finally, mapping system and manpower constraints and processes of the delivery partners led to a total understanding of the business process.

### Burning Issues

- Changing expectations of the customer
- Partners process capabilities
- System based repayment information being provided by competitors
- Depth and breadth of knowledge of Call Center Executives
- System constraints related to updation of repayment information
- Reliability of IT infrastructure and Query Systems
- Designing the most reliable process

In addition to the stretched service delivery benefits, the BPR initiative resulted in the gain of several other assets, such as:

- A process focused organisation
- A metric driven department
- Need for system upgradation to meet increasing customer demands and competitor's service standards
- Need to choose reliable process partners like Data Entry Operator suppliers and couriers

### 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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