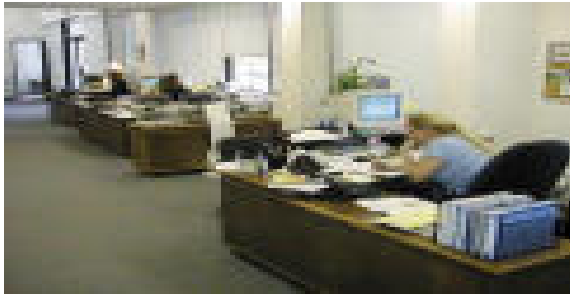


Leveraging Six Sigma in Secured Assets (mortgages) at MNC Bank



How does a bank make a statement?

Given the low credit offtake, banks are increasingly focusing on retail assets as a growth area. The industry is witnessing stiff competition and an interest rate war among key players. This has resulted in a buyers' market where the customer has a multitude of choices. Leading players have realised that interest rates are not a key source of competitive advantage. Also, the spread has been shrinking due to falling interest rates. In this scenario, banks have narrowed down on three areas of focus:

- Enhance service delivery and make it a differentiator for customer acquisition
- Improve Risk Management to minimise delinquency
- Reduce the overall costs to protect the bottom line

Issues facing the industry

- Customer switching is high
- Cost reduction has become critical for profitability
- Customer's service expectations are rising

In today's scenario the need of the hour is quick Turn Around Time, and error free transactions on the service delivery plank and minimum rework on the cost plank

Leading players have invested in technology to enhance the service delivery. But they have realised that processes may have to be realigned to leverage technology capabilities fully.

Insights

- Quick TAT for sanction decision and communication of the same is important for customers
- Significant percent (%) of time is lost between first customer contact to file login at the processing unit

To address this issue several institutions have initiated process reengineering / improvement projects using powerful tools like Six Sigma

Six Sigma is a powerful tool that can be used to achieve ten times improvement in three years in cost, quality, delivery and flexibility of operations.

Many Fortune 100 organisations have successfully leveraged the methodology to perfect their business processes to the highest level of reliability.

Achieving new highs

Using Six Sigma, ECS recently helped a leading MNC bank establish new standards in their retail lending processes.

Benefits achieved

- 66% reduction in loan sanction and disbursal time
- 75% reduction in rework
- Significant improvements in customer satisfaction index

Transformation for growth

The bank wanted to make service a key differentiator and at the same time reduce the cost of operations. This meant improving Turn Around Time for sanction & disbursal by simplifying documentation, processes and reducing rework

A dedicated team of ECS consultants and client core team (representing all key functions) applied Six Sigma principles to a host of key processes:

- Customer enrolment
- Loan Sanction
- Loan Disbursal

The efforts involved understanding customer expectations, studying existing work practices, mapping the 'As Is' information and decision-flows and defining the process metrics. The customer & management issues and expectations were deployed into process metrics. The process design was geared for achieving and sustaining the targets set for the process metrics.

In addition to the tangible benefits in terms of Turn Around Time improvements and reduction in cost of rework, the initiative gave several intangible benefits:

- A process focused organisation
- Higher sensitivity to customer service
- Measurement driven & continuous quality improvement culture

The success of this initiative has enthused the bank to apply the Six Sigma methodology to various other businesses and key processes across the bank

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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 & 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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