



PwC Fusion Solutions

Process simplification and improvement (1/2)

Medium Czech Bank

New personal loan approval process
– Improvements in automation and efficiency of controlling mechanism

- **25%** reduction in processing time
- **35%** reduction in queues
- **40%** reduction in reprocessing

1

Large Building Society, CZE

- Product and function reorganization
- Processes automation
- Risk methods upgrade
- **45%** decrease TTY
- **65%** decrease TTN
- **35%** decrease TTC
- **10%** reduction in wage costs
- EUR 100 ths savings in cost-of-risk

2

Large Polish Bank

Process and documents reorganization of the car loans

- **80%** reduction in TTY
- **50%** increase in quality

Efficiency from the customer point of view was boosted 10 times.

3



PwC Fusion Solutions

Process simplification and improvement (2/2)

Large Czech Bank

Improvement of branches efficiency & local processes

- Continuous improvement / Lean successfully implemented across all retail distribution channels
- **EUR 0.8 mil** savings p.a.
- **EUR 1.85 mil** revenue increase
- **40 FTE** saved

4

Large Bank, Ukraine

Loan documentation processing

- Standardization of steps, timeframes, controlling mechanisms
- **EUR 132 ths** savings in 1st year
- Customer satisfaction increased 6 times

5

TOP 3 bank, Slovakia

- New product processing optimization
- Determination of tools for process management
- Implementation of new organizational structure
- **15%** decrease in time consumption
- **5%** reduction of document circulation
- **18%** FTE saved

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Personal loan optimization

Our client was the first bank on the Czech market which started offering a personal loan with the possibility to refinance client's existing loans. But the processing of personal loans exceeded the announced time.

Project Results

- The output of the project was a recommendation of personal loan approval process which lead to the following results:
- **Shortening of the processing time [25%]** of the personal loan application.
- **Reduction of time needed for loan processing in particular departments [30%]** by means of elimination of unnecessary activities and better usage of the information system.
- **Minimization of loan applications queues [35%]** waiting for processing.
- **Decrease of a number of returned applications for reprocessing/completion in departments [40%]**, error reporting setting, evaluation of error rates, linking the motivation factors to the error rates.
- **Improvements in automation of application evaluation.**
- **Increased efficiency of controlling mechanisms** – prevention of processing of non-perspective applications into the approval process (saving of time for processors).
- **Suggestions of the information system improvements** which would lead to a quick and flawless loan approval.

Client needs

- Only 20% of new loan applications were processed within the declared time.
- Because of the attractiveness of the product, the demand extremely exceeded the plans.
- Almost all departments involved in the process was in situation of the lack of necessary capacity

Process	Department	Improvement Scale				
Application acceptance	Call center					
	Mobile agents					
	Affiliates					
Application evaluation	Risk management					
Application approval	Back office					
	Department of payments					

“A decision to cooperate with ADWISE has turned out as a good one. The consultants were able to assist us with some of the most urgent issues in a very short time. We also appreciate their ability to negotiate changes throughout the bank and to involve all parties in the project. ADWISE differentiates from most of consulting companies by its pragmatic style of work which brings Quick-wins already in the course of the analysis.”

General Director and Chairman of the Board of Directors



Major Czech Building Society Loan Processing Upgrade Implementation

KPIs – Benefits realized

- Reduced time-to-yes by 45%
- Reduced time-to-no by 65%
- Reduced time-to-cash by 33%
- Cost-of-risk savings of 100 ths. EUR per year
- Reduction of average wages due to reorganization of loans department by 5–10%
- Sales growth of unsecured loans to non-clients in coming season enabled by new scoring models

Approach

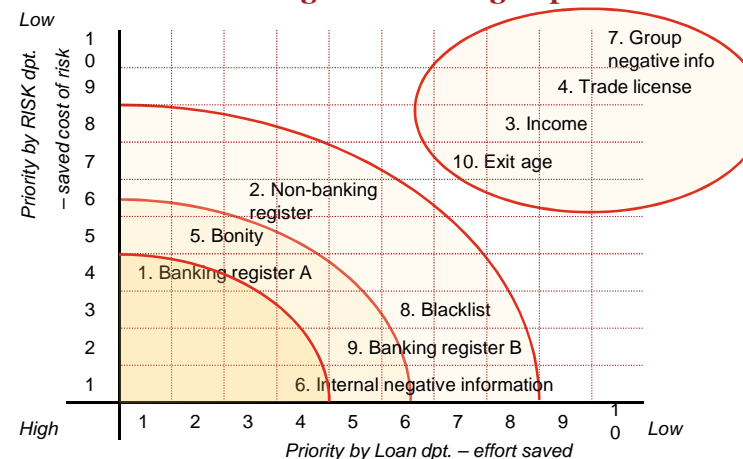
The improvements were achieved due to changes in:

- Loan division reorganization through product and function specialization
- Loan division processes automation
- Risk evaluation methods upgrade
- Collateral information and valuation enhancement – on-line connection to land register for collateral info download and realization of synergy between Client mother bank in terms of common valuation
- Portal and Product Changes

Client needs

- The Client was aware of relatively slow and expensive loans processing and decided to catch up with the market in terms of reaction times (time to yes, time to no, time to contract, time to cash), processing efforts and cost of processing.
- As the loan area within a building society is closely interconnected with the savings area (each loan has to be based on corresponding saving account) and changes were to be planned in processes, organization, applications, risk measures, forms, products etc., most of the company operations had to be analyzed and changed

Prioritization of lending underwriting improvements



Car loan credit process

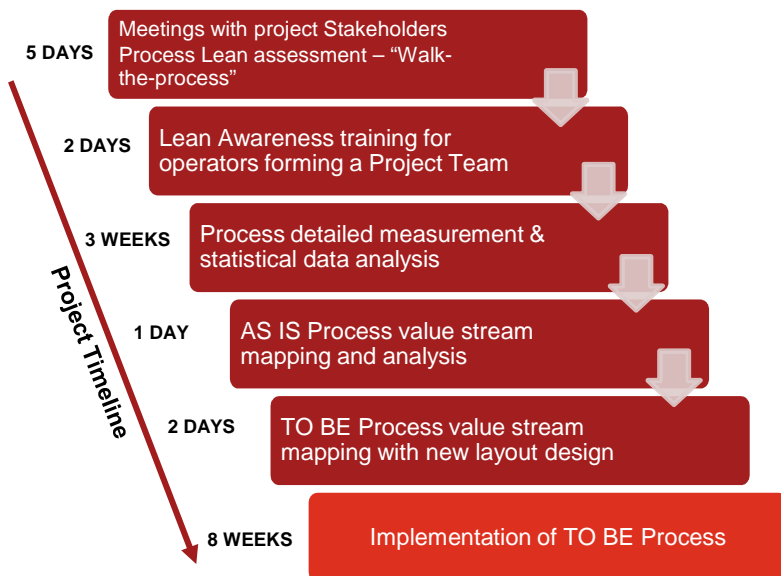
Universal Polish bank suffered from inefficient organization of the car loan process resulting in a long time to decision (average 14 working days) and low quality of documentation

KPIs – Benefits realized

- Time to yes has been reduced by 80%
- Quality of documents have been improved by 50%
- Quality of process, the efficiency (PCE – efficiency from the customer point of view) was boosted 10 times

Project Approach

The Lean journey – project organization

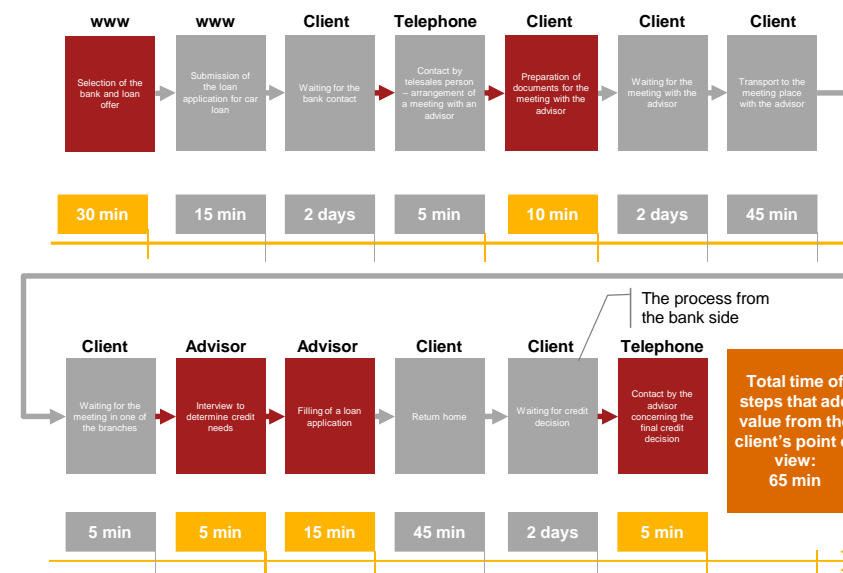


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Client needs

- As a result from the inefficient process organization, the time from initial submission of the loan application to the final decision took 14 working days on average
- Only 40% of credit documentation supporting loan application was complete and accurate with required additionally interaction with customers and lengthen time to decision

Mapping steps adding value to the client in the credit process



Big international bank, Ukraine

Standardization of process for loan documentation processing (the whole process, separate steps, time by which the process should end)

KPIs – Benefits realized

- The result cycle-time decrease has created an annual effect of EUR 132,000 in savings for the 1st year of implementation (in total was saved EUR 264,000 in 2005–06)
- Customer satisfaction or a quality level was increased to 1.50 (six times comparing to initial state)

Client needs

- Lack of properly organized interaction of front office and back office in car loan issuance process
- Interaction included time bound documents preparation, review, delivery to back office, elimination of errors (if any), etc.
- Cycle time for issuing a car loan was too long
- Goal was to reduce the amount of errors in loan documentation by 80%

Spectrum of standard LSS tools were used in course of the project

	Define	Measure	Analyze	Improve	Control
Tasks	<ul style="list-style-type: none"> ✓ Select Project CTQ's ✓ Create Project Charter ✓ Project PrioMatrix ✓ Develop High Level Process Map 	<ul style="list-style-type: none"> ✓ Identify Project Output Metric ✓ Develop Data Collection Plan ✓ Establish Process Baseline 	<ul style="list-style-type: none"> ✓ Identify Root Causes ✓ Validate Root Causes & Determine Vital Few ✓ Quantify the Opportunity 	<ul style="list-style-type: none"> ✓ Identify Solution – Refine and test solution – Cost Benefit Calculation 	<ul style="list-style-type: none"> – Implement Process Control – Prepare Roll-Out Solution – Project Closure
Tools	<ul style="list-style-type: none"> • Project Charter • SIPOC • VOC 	<ul style="list-style-type: none"> • QFD Matrix • Data Collection Plan 	<ul style="list-style-type: none"> • Ishikawa Diagram • Control-impact Matrix • Vital few root causes 	<ul style="list-style-type: none"> • Risk Analysis of New Process • Process mapping • Cost/Benefit Analysis 	

In Scope:

1. Car loans for individuals
2. Training of staff
3. Software improvement
4. Simplification of existing procedure
5. Agreeing the loan terms with car dealer and notary

Contract administration optimization

The changing conditions in the field of leasing market and requirements from big european banking group resulted in the necessity of internal reorganization. Processing of new products had to be incorporated with the minimum capacity requirements.

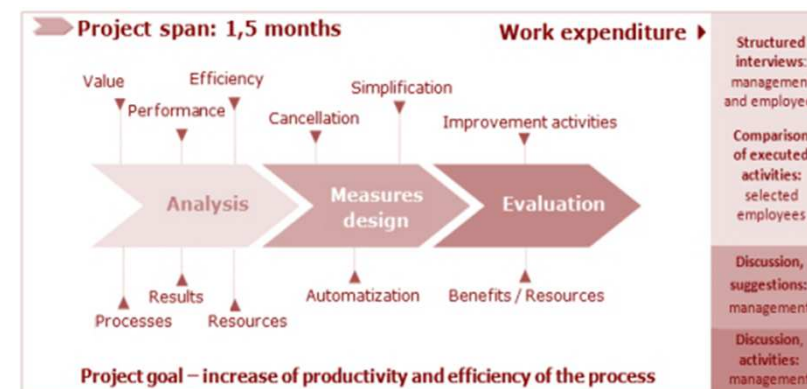
Project Results

- **Optimization of processes** down to detailed activities – time consumption decrease [15%], reduction of inefficient circulation of documents [5%], improvements in communication among departments, improved controlling.
- **New organizational structure was implemented** – costs of administration per one contract was reduced [30%], cut in number of employees [18%]
- **New product was incorporated** with the same amount of employees – due to the process optimization
- **Determination of tools for process management** – definition of concrete metrics for processes including the specification of measuring methods and utilization of results (e.g., error rate, contracts distribution).
- **Increase of employees' motivation** – definition of distinct criteria for productivity comparison made the evaluation of employees possible.

The pilot project brought positive and highly appreciated effects resulting in execution of five consequent projects (optimization of product development processes, business department, process of loans approval, the new business transactions processing and financial management and controlling processes).

Client needs

- There was a shift in demand for concrete products (leasing stagnated, loans was extremely increasing, corporate financing was declining)
- The organizational structure was designed according products specializations



"The project of process optimization in the department of contract administration helped us to uncover issues within our processes. Company proved competent as a reliable partner for the analysis of problems and as well for discussion about possible solutions and determination of necessary steps for internal process improvement."

General Director and Chairman of the Board of Directors