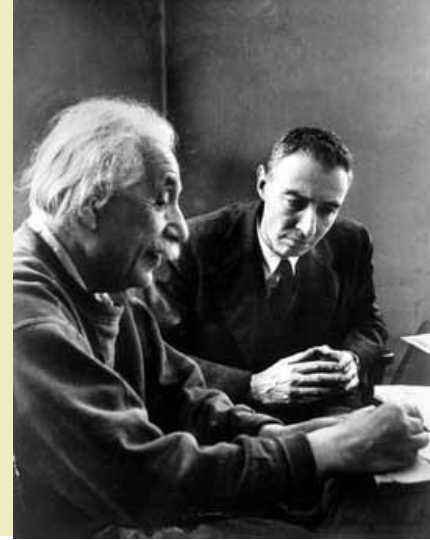


6 Reduction in TAT for cheque payment process

Light House Case study



Industry Type >>>

Banking — Payments

The Client >>>

C_BK_IC

Improvement Tool >>>

Lean Six Sigma



Scenario >>>

C_BK_IC is the second largest bank in India with its subsidiaries all over the world. It provides various financial and banking solutions to corporate and many retail customers. Due to its vast spread network, it is also served by different vendors and human resource. The payment to these vendors is processed after the receipt of payment memo from the vendor or user department. Any defect or delay in the payment increases rework and payment processing time. It also leads to dissatisfaction among the vendors causing variation in the quality of service offered.

Business Challenge >>>

The average time taken for the cheque to be dispatched to the vendor and HR department was 5 and 2 days respectively. Improper printing of the cheques also resulted in rework which added to the processing time. Data collected showed errors such as incorrect name, amount and improper printing of the cheques. The goal was to reduce the payment processing time to 1 day.



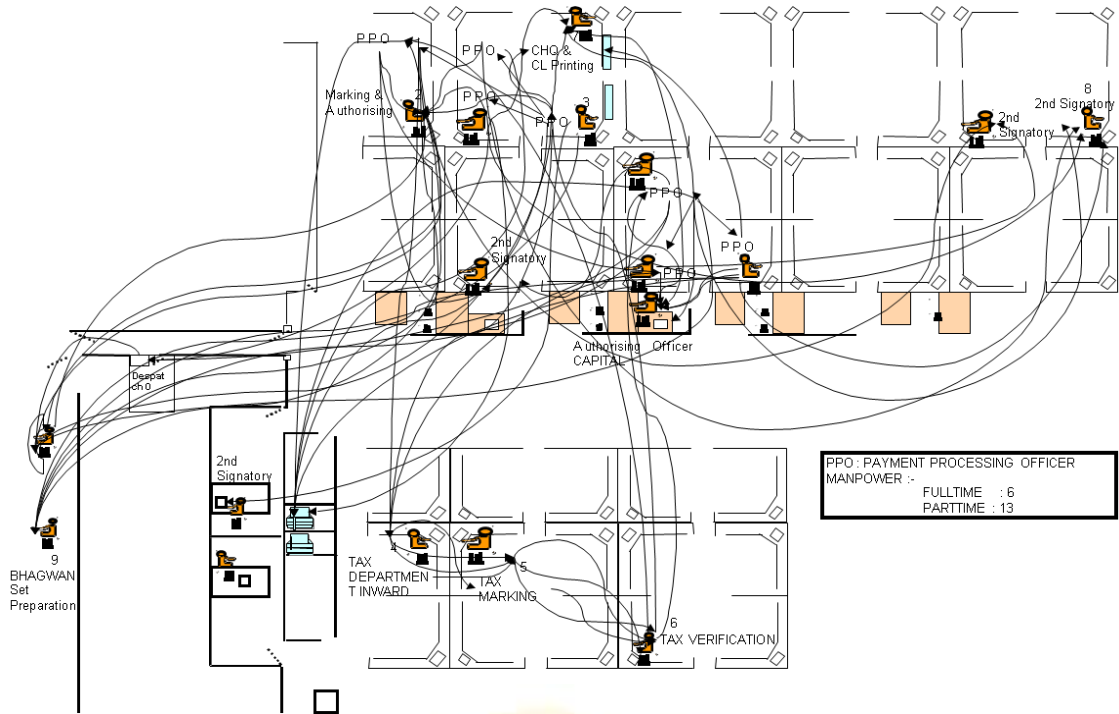
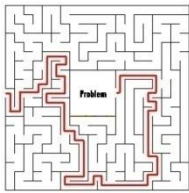


Fig: Payment process before six sigma project



The Solution >>>

Duplication of entries and verification added to the processing time. Re-engineering the process helped cut-down these non-value added activities and reduced the processing time. The physical layout was also re-structured to reduce the distance travelled by the documents. Batch processing has been replaced by continuous flow through Lean implementation that contributed to reduction in processing time. Accuracy in the payment was assured with the implementation of Six Sigma.

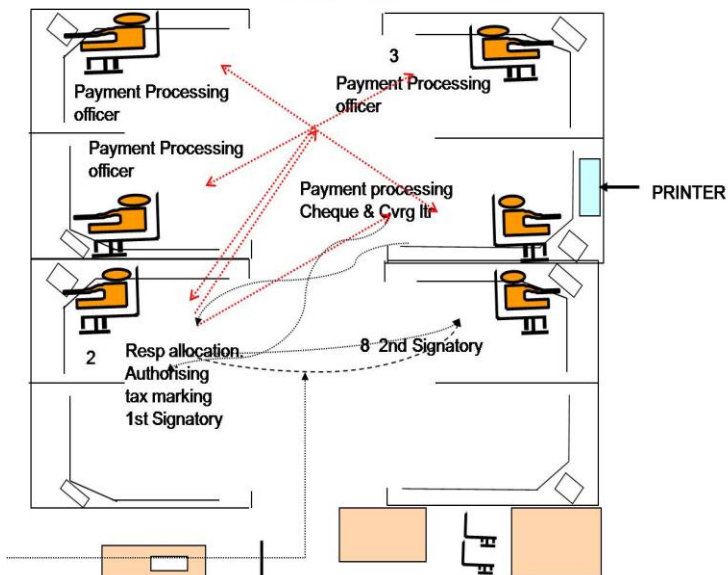


Fig: Payment process after six sigma project



Benefits >>>

The turnaround time for the payment process has been reduced from 5 days to 1 day. The distance travelled has been cut-down from 300 mts to 42 mts. Elimination of non-value added activities has decreased the occupied floor space from 94 to 47 sq. ft. also reducing the number of resources and desktops required from 6 to 5. The sigma value of the process has been increased to 5.3 as compared to the previous 2.9.



Financial Benefits >>>

Number of SAP licenses (Rs. 1 lakh/ license) required was lessened from 10 to 5.

For further information, please contact >>>

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