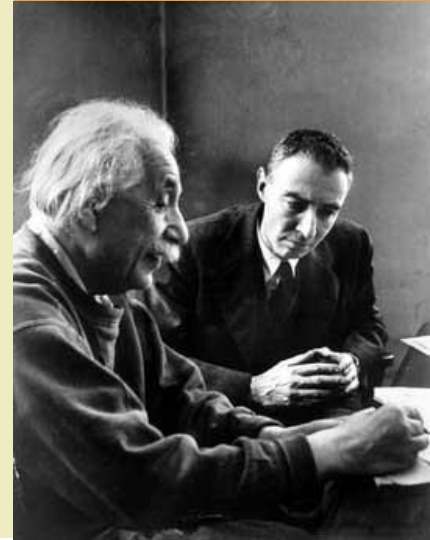


6 Improve Turn Around Time of Payment process

Light House Case study



Industry Type >>>

Banking — Payments

The Client >>>

MN_BK_AB

Improvement Tool >>>

Lean Six Sigma



Scenario >>>

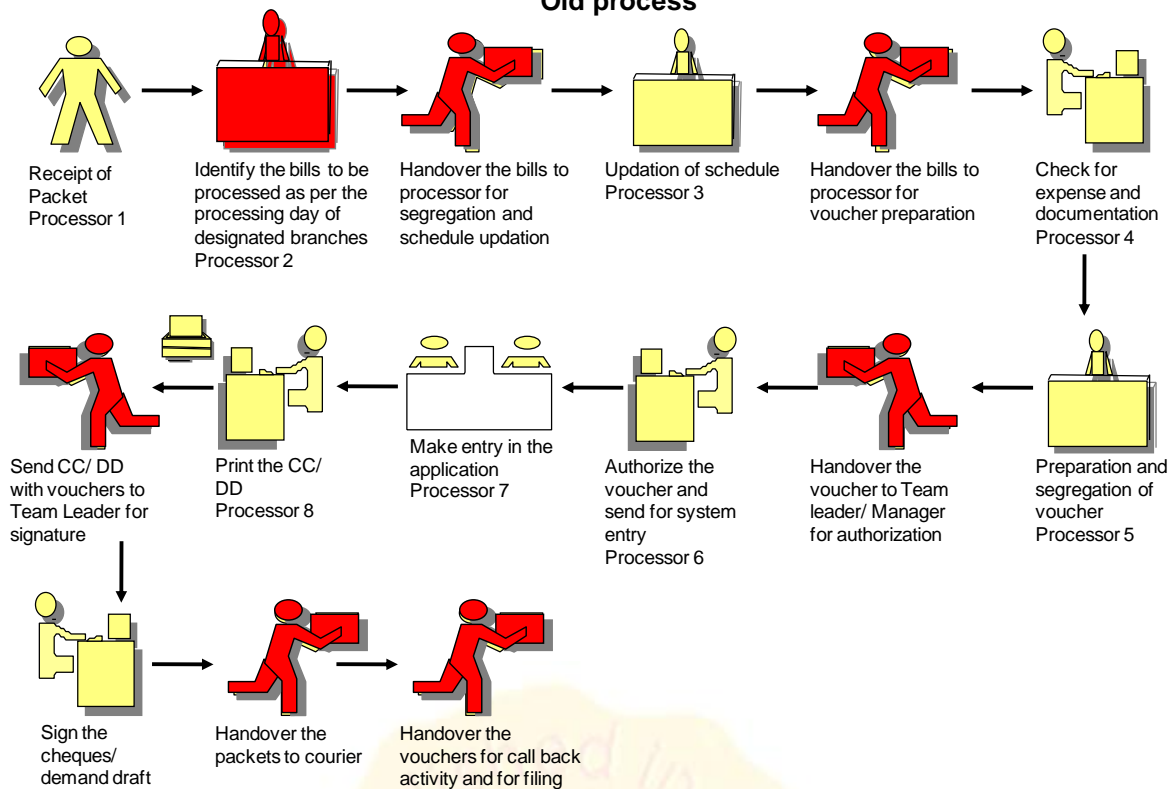
MN_BK_AB is a multi-national bank with its branches spread all over the world. Vendor payment process for the bank starts with receipt of payment schedule along with invoices from the branches. The payment is processed at the main branch, and then the cheques/ demand drafts are dispatched to the respective branches or vendors. The amount of time taken to process the payment is directly related to the growth and profitability of the Bank. Any delay in payment processed leads to customer dissatisfaction and decreased productivity. It also increases the cost per transaction of the payment process.

Business Challenge >>>

The sample data collected showed that 13% of the payments processed at the bank were reported as delayed and average TAT was 5 working days. This delay impacted the service delivery levels of the bank. The delay in the payment processing also negatively affected the number of payments made to the branches. It was targeted to reduce the turn around time to 4 working hours from the time of inwarding of payment memo to release of payment.



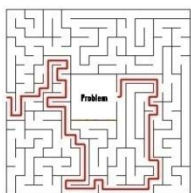
Old process



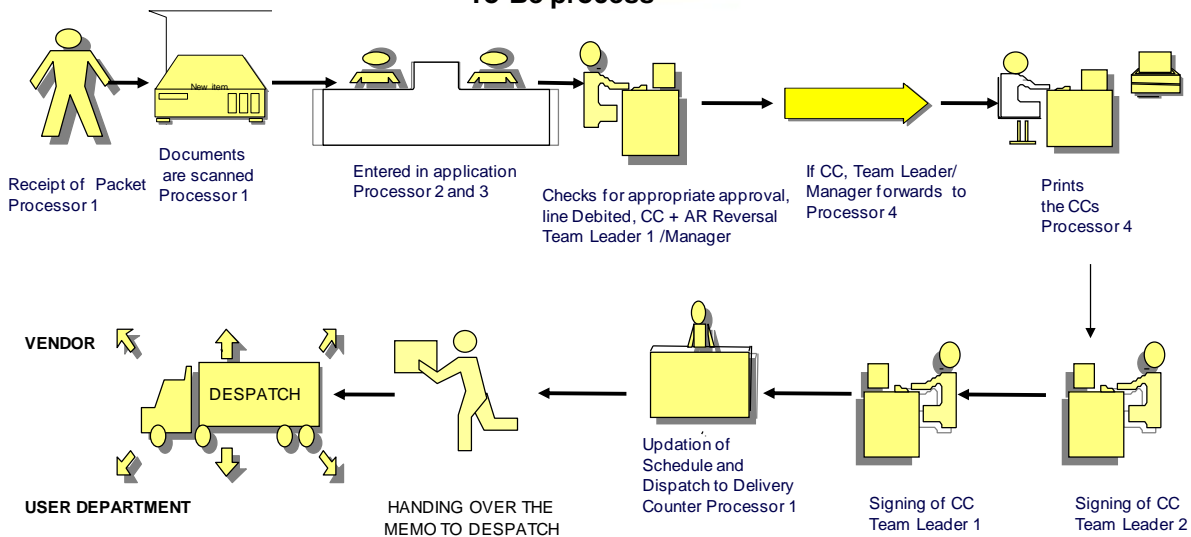
Avg TAT 5-10 Days

The Solution >>>

Re-engineering the payment receipt process has decreased the amount of time taken for clearing the payment. Elimination on non-value added activities and cell design has reduced desk-to-desk transfer of documents. Duplication of entry and verification stages has reduced the processing time for the documents.



To-Be process



Avg. TAT < 4 working hours



Benefits >>>

Re-engineering the process has increased the number of payments processed from 3500 to 5500 in a period of six months. Automation has also reduced the number of activities from 63 to 15. New process has reduced the resource count from 11 to 8 decreasing the cost of PCs required.

For further information, please contact >>>

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