



GENERATING **BANKING AND FINANCIAL SERVICES** IMPACT

Business process management generates \$105 million business impact for a leading US financial services firm



Client

One of the world's largest automotive financial services companies

Industry

Banking and financial services

Business need addressed

Improvement in the client's collections function across several interrelated areas impacting delinquency roll rates, leading to improvements in controllership, compliance, process knowledge, and talent retention

Genpact solution

A business process management system standardized and tracked collection processes, an IT upgrade boosted the number of connects per hour to improve handling time, and new system features and restructured performance feedback created greater alignment between agent incentives, evaluations, and targets

Business impact

Enhanced performance and working capital management led to:

- \$105 million business impact
- Improved kept-per-hour ratio that led to \$328K P&L impact
- Decreased average handling time and generated a recurring \$13.87 million annual business impact

Business challenge

The client's collections activities needed to be improved to decrease delinquency roll rates. Benchmarking against competition confirmed the existence of high delinquency roll rates, while the underlying cause was traced back to the lack of both process standardization and tracking mechanisms. In addition, call center metrics showed average handle time (AHT), right-party contact (RPC) rates, and kept accounts at unacceptably high levels, while procedures for managing sub-scheduled accounts also fell short.

An in-depth analysis of the collections function revealed several interrelated challenges:

- **Dialing efficiencies** - A combination of manual touch points and sub-optimal settings led to issues such as high abandon and idle rates, at the same time limiting progress on no activity (NA) account inventories
- **Customer experience** - Call effectiveness scores were low, and some customers were upset by the persistence of follow-up calls even after payment had been sent
- **Controllability and compliance** - Controllability governing adherence to state guidelines, such as cell phone consent management, appeared to be inadequate
- **Agent and front-line manager (FLM) productivity** - Productivity issues included high average handle time, too much time spent on manual inbound call exclusion, and manual touchpoints slowing collector's development plan reporting

Genpact solution

Genpact consulted a wide range of client-side stakeholders, including shop-floor team members, agents, front-line managers, operations managers, subject matter experts, and internal support function resources, to identify root causes and lay the groundwork for a solution design. Collaborating with various process and function experts, these participants helped identify significant variables and validate hypotheses. Solutions ultimately included a mix of practice implementation, process alignment

and optimization, and IT intervention and automation.

In addressing the central issue of roll rates, the project team implemented a business process management system to standardize and track processes, accompanied by upgrades to hardware, software, and networking to boost the number of connects per hour and improve handling time. With this upgrade in place, an optimized dialing technique increased right-party contact (RPC) rates. Another new practice implementation, a "Buddy-Up System," enhanced monitoring of sub-scheduled accounts. Finally, the low proportion of kept accounts—a contributing factor to roll rates—were improved through new system features and restructured performance feedback, which more closely aligned agent incentives and evaluations with performance targets.

All other areas of improvement had a solution implemented as part of an integrated design:

- **Dialing efficiencies** - Two process improvements addressed dialing procedures, messaging, call routing, and agent training, while modifications to automatic dialing matched pacing to agent availability
- **Customer experience** - Call compliance and quality improved through reduced agent variation and revised timelines, while documentation and mistake-proofing came into alignment with automated systems
- **Controllability and compliance** - Automated list management and cell phone consent automation provided standardized controls, with 100% compliance on state guidelines
- **Agent and front-line manager (FLM) productivity** - New automation tools ensured optimal tracking and monitoring handle time, streamlined and aligned the process with the dialer system, and produced collector's development plan reports—all while reducing time spent on manual and non-value-added activities

Each project had a robust implementation plan coupled with a rigorous internal and external governance schedule involving all key stakeholders.

Business impact

The series of projects maintained an emphasis on continuous improvement, with gains in each new area building upon previous successes. Some of the outcomes were measurable as gains in key performance indicators, such as:

- Improved “kept to download” from a gap of -109 basis points to + 45 basis points versus competition
- Reduced sub-scheduled accounts daily inventory by 80%
- Reduced idle rate by 60%, resulting in improved calls per hour and contact rate
- Reduced no activity (NA) accounts daily inventory by 75%
- Reduced inbound abandon rate from 12% to 1.5%—an improvement of 80%
- Improved I/B promise rate from 61.5% to 64.5%
- Decreased customer service complaints on mailed payments while improving promise rate from 59% to 63%

- Improved collector’s development plan reporting by 99%

Other outcomes were quantifiable in terms of cost savings, expense avoidance, and working capital management such as:

- An initial \$105 million business impact and a \$328K P&L impact due to improved kept-per-hour ratio
- Potential penalty savings of \$35K through improved call compliance and effectiveness rate
- A recurring \$13.87 million annual business impact through an improved average handle time

These results showcase the enhanced capabilities of an integrated collections operation, with operational improvements leading to financial gains. An experienced, internally grown management team applied Lean Six Sigma principles to drive outcomes, leveraging best-in-class attrition rates (below 25%) and talent retention to safeguard the deeper process knowledge. This has led to greater workforce effectiveness while supporting regulatory compliance and customer satisfaction.

About Genpact

Genpact (NYSE: G) stands for “generating business impact.” We design, transform, and run intelligent business operations including those that are complex and specific to a set of chosen industries. The result is advanced operating models that support growth and manage cost, risk, and compliance across a range of functions such as finance and procurement, financial services account servicing, claims management, regulatory affairs, and industrial asset optimization. Our Smart Enterprise Processes (SEPSM) proprietary framework helps companies reimagine how they operate by integrating effective Systems of EngagementTM, core IT, and Data-to-Action AnalyticsSM. Our hundreds of long-term clients include more than one-fourth of the Fortune Global 500. We have grown to over 68,000 people in 25 countries with key management and a corporate office in New York City. Behind our passion for process and operational excellence is the Lean and Six Sigma heritage of a former General Electric division that has served GE businesses for more than 16 years.

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