Financial Services

CASE STUDY

Banking Operations

Project Sponsor: Chief Financial Officer

Project Overview:

A self-financed, company-wide initiative for a North American, super regional bank with a focus on streamlined processes, measurable productivity gains and an organizational reconditioning of more than 10,000 employees.

Project Scope:

1. 600+ Retail Branches
2. Front office depts: consumer lending, commercial lending, wealth management, insurance & mortgages
3. Back office departments including deposit & loan operations
4. Support departments including IT, Finance, & HR

Benefits Achieved:

Operating expenses .... ▼ +10%
Yearly savings........................ ▲ +$57M
Personnel volume .... ▲ +10%
Point of return...................... ▼ 5 Months
ROI (24months) 7.0x
Revenue production efficiency .... ▲ +7%
Branch service levels .... ▲ +9%

Organizational Challenges:

Within its network of more than 600 retail branches, ClientCo extends its banking & financial services to eight states in the Northeast territory.

After enduring several mergers, ***ClientCo*** discovered a rise in competition coming from larger banks, electronic business alternatives, and ambitious lending institutions. ***ClientCo*** recognized that in order to meet these challenges, their operational proficiency would need to undergo accelerated enhancements.

Summary:

PRO was selected by an internal committee, lead by C***lientCo's*** administrator, to evaluate their current structure. Over the seven-week timeline, the committee utilized PRO's operational templates and was able to determine more than 1,100 revision opportunities across the organization:

Results Summary:

By working with ***ClientCo's*** internal team, PRO was able to implement an initiative that delivered more than $57M in repeat yearly savings – 50% of this was realized within the first 12 months of project implementation. .

Improvements:

1. **Over-service at Branch locations** – Though ***ClientCo*** had previously implemented a refined staffing plan, PRO's analysis discovered several high-cost services that were considered low-value by the customer. This reduces the overall competitive gain in relation to the expenditure.

2. **Sales Affiliate Downtime** – Analysis discovered that the frequent customization of services/terms, in addition to an unprofitable focus on administrative tasks, were key factors in reducing departmental productivity by an average of 25%.

3. **Back Office Modifications** – In some departments, more than 50% of production capacity was applied to adjusting and finalizing incomplete activities such as loan applications, wire transfers, and opening accounts - among other processes. More than 75% of the possible modifications were task-related, with the remainder being technology based.

4. **Neglected Support Channels** – Though generally disregarded as a beneficial origin, the supporting departments (Finance, HR, IT & Marketing) provided at least 45% more improvement opportunities than Back Office departments.

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