

Case Study

Firstsource helps a top 5 UK bank streamline operations and enhance margins



Winners for most flexible partnership category - Everest Outsourcing Excellence Awards, 2008

Background

To enhance its market share in the UK mortgage the bank wanted to improve operational scalability, enhance customer service, reduce costs and improve margins.

The Solution

Firstsource translated bank's business needs into process / operational goals. Key solution areas included - establishing dual site operational model, implementing multi-skilling module across workstreams, deploying Process Excellence/Six Sigma initiatives in the system and completely eliminating paper/print based tasks.

Key Benefits

The bank was able to reduce costs by over 40% on the original, expand the operations in a short duration of time while enhancing customer service through improved accuracy and turn around time.

"As a result of its partnership with Firstsource, the bank was able to surpass its goals, saving an estimated 40% of the original costs and push its operational efficiencies to a new level. This was achieved through commitment and great teamwork across our business, and I'd like to thank you all for the part you played"

Bank's Mortgage Director

► Background

The client is a leading global bank with over \$670 bn in assets and is one of the largest mortgage lenders in the UK mortgage market. It serves close to 16 million customers from its 2,200 branches, with over 70,000 employees.

The bank lends primarily to the prime segment of the UK mortgage market. This segment is particularly price-sensitive, with lenders competing to offer the lowest deals, which has led to erosion of their profit margins. The UK mortgage market is also extremely dynamic and has become more volatile in the face of the current economic climate. Lenders need to repeatedly structure and introduce new products to exploit market opportunities. There is also a considerable customer churn and volatility with a significant proportion of business being re-mortgages which often leads to wide fluctuations in transactional volumes, as for example, when fixed rate deals expire and borrowers seek new offers.

The bank aims to enhance its market share in the mortgage market, whilst simultaneously improving profit margins and driving up customer service. The bank concluded after considerable research and due diligence that Firstsource was the right partner to help it achieve these objectives.

Firstsource supported the bank's aims by providing high scalability and flexibility to the operations, implementing various process and cultural improvements, which increased the bank's mortgage operational efficiencies at a reduced cost. By faster service, higher accuracy levels and improved peak management, such key functions as offer production and customer retention were dramatically transformed.

► The Challenge

The bank needed to increase operational efficiencies at a reduced cost in a dynamic and challenging business environment. The bank's key requirements were:

- To improve operational capability
- To enhance customer experience
- To reduce costs

► The Solution

Firstsource took a partnership approach in designing the solution which included understanding the bank's business needs, planning and translating them into operational goals and effectively executing the transformation plan to time and budget.

Scalability and Flexibility for Operational Capability

- A multi-skilling module was adopted to optimize use of skilled staff to support volume peaks. Advisors were trained to handle peaks of up to 100% transaction volumes. A bespoke skills matrix was devised to maximize those skills
- A mirror site was established in Kolkata to support the Mumbai operation and mitigate risk in the event of downtime and to diversify the labor pool
- Firstsource minimized security risks by complete elimination of paper/print based tasks and deployed various risk management control systems. For example data integrity was maintained by adopting 'Thin Client' technology, thus eliminating any offshore data storage
- The working window has been expanded from the standard operating times of 8 hour into a 16 hour operating environment – which has improved access to customers

Process Improvements to Drive Better Customer Experience

- Firstsource implemented process improvements by identifying gaps and improving the processes by using a blend of Lean and Six Sigma methodology. The improvements led to a higher level of efficiency, turnaround time and accuracy through:
 - Standardization of operating procedures across all teams
 - Considerable and rapid reduction in fax-back correspondence
- The turnaround time for some processes has reduced from 10 days to 48 hours – not only vastly improving response to customers, but reducing costs
- Firstsource, backed by its strong imaging and workflow management capability, studied and then optimized the bank's workflow systems

Cost Management

- Process efficiencies and productivity improvements have significantly improved costs

- A more flexible use of human resource at a lower cost than onshore has also driven beneficial pricing for the bank

► The Benefits

The bank was able to expand its operations by over 300 mortgage advisors in the first 12 months of the engagement due to reduced hiring cycles (from 6 weeks to 2 weeks) and higher training yields (over 95%). This partnership with Firstsource has given the following benefits to the bank:

- Improved accuracy - Firstsource has enabled the bank to reduce error rates and reduce the number of customer complaints from 30 a week to 8 a week
- Improved turnaround times through process efficiencies and an expanded working window – in some areas turnaround has been reduced by 8 days
- Cost reduction of more than 40%

All these benefits gave the bank the ability and speed to launch new products and add new customer segments.

This successful partnership has been recognized by the Everest Group's Outsourcing Excellence Awards which awarded '*The Most Flexible category*' to Firstsource and the client. The judges selected the winners on the basis of the partners' ability to demonstrate best practice, create and sustain a competitive advantage, provide business transformation, achieve value and mutually benefit both buyer and supplier.

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is a global provider of BPO (business process outsourcing) services headquartered in India. Firstsource provides customized business process management to global leaders in the Banking & Financial Services, Telecom & Media and Healthcare sectors. Its clients include Fortune 500 Financial Services, Telecommunications and Healthcare companies. Firstsource has a global delivery model with operations in India, US, UK, Argentina and Philippines. (www.firstsource.com)