

CASE STUDY | Client Statement Optimization

*How the production of client statements for Fund Linked products created several problems for the Investment Banking division of a major financial firm.*



### Problem

- ▶ Inaccurate information and errors on client statements

### Solution

- ▶ Benchmarked best-in-class competitors
- ▶ Replicated similar solutions from another part of the organization
- ▶ Established new-product statement process
- ▶ Standardized statement data source

### Result

- ▶ Reduced statement errors by 50%
- ▶ Eliminated 30 high-risk processes
- ▶ Avoided hiring three FTEs (\$850,00 annual savings)

### The Problem

The production of client statements for Fund Linked products created several problems for the Investment Banking division of a major financial firm. Included were 29 issues which surfaced from logged client complaints regarding inaccurate information on 161 statements (representing two percent of all statements).

Consequently the bank lost one client, representing an annual loss of \$7.1 million and constraining the business plan to grow revenues to \$196 million through new product offerings. Also, some of these new offerings were more complex than existing ones, so they represented a greater opportunity for statement errors.

### The Solution

The improvement team took its lead from a similar project conducted in another part of the firm - that project having generated significant time-saving results. As well, the team benchmarked its statement quality with others considered best-in-class, thereby highlighting gaps and galvanizing the potential for empowering clients to access statements online.

Specifically, the team took the following steps to minimize errors, and to optimize the statements as much as possible:

- ▶ The new-statements-request-process was optimized by establishing a new-product-statement process, and by introducing request forms to ensure ownership.
- ▶ The data source was standardized through the mapping of E-Valuate statements to new-statement request templates on each trading book (as front-to-back analysis found that there were 51 data sources with 32 distinct handoff points, creating inefficiency and increasing the risk of error).
- ▶ A validation process was introduced to reduce marketer reviews for statements not requiring spread amendments, marketer delay notification, or tolerance breach notification.

### The Results

By virtue of the team's actions, the following results were achieved and confirmed at a post-implementation review meeting:

- ▶ Client statement errors were reduced by 50 percent (from two to one percent erroneous statements).
- ▶ Late statements were reduced by 50 percent.
- ▶ Operational risk was reduced by 85 percent and 30 high-risk processes were eliminated.
- ▶ The process owner didn't need to hire three full-time equivalents that were already budgeted (saving \$850,000 annually).
- ▶ \$82,000 was saved from decommissioning IT systems.
- ▶ Improved statement quality, which protected \$9.8 million in revenues.

Another benefit from the project was that it quantified the impact of statement errors on our clients in terms of complaints, and on the business in terms of potential revenue losses.

This highlighted the validity of improving the client-statement process, and on the validation process for marketer reviews.

