

Trade Finance workflow process study and mapping: Large private sector Bank in India





Overview

India's largest private sector bank runs a very large trade finance practice that includes all the standard products such as Letters of Credit, Bank Guarantees and Working Capital advances. Main products that were involved in our assignment were the non-fund based products such as

- Imports- L/C s and related instruments
- Inland Transactions
- Export related instruments
- Bank Guarantee

The bank wanted to prepare the ground for achieving substantially larger volumes of business, and decided on centralizing the trade finance processes in a large proposed "trade factory".

Business Need

Bank's main objectives in centralizing trade finance processes were to achieve greater volumes with the same manpower. They were keen on smoothly automating most processes, in order to achieve far less turn around times for the various processes. In summary, the mandate for the project was:

- Improve efficiency significantly, thereby reducing TAT in all the processes
- Achieve consistency in processes—have replicability with less dependence on human intervention
- Build a robust and scalable process with optimum automation

Our Solution

The bank had decided on the tools to be used for work flow automation, which were "Staffware" for work flow and "Newgen" for Document Management Software. However, the bank was yet to work out the modalities of the solution.

Based on a few meetings with stake holders, our first conclusion was that there had to be some re-engineering of the processes –to make them amenable to structured, largely predetermined flow of work. We suggested a detailed process study and flowcharting of the processes. To do this, we held extensive discussions with all stake holders, and agreed on re engineered processes. In any work flow implementation, this has to be done in full detail, to enable the solution developers to construct the application right. We did some major re engineering to suit the proposed automated environment. We delivered:

- Clear flow charts with steps, and actors and sequence of activities –for 65 different processes
- Detailed tables describing all the activities in detail



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- Identifying all the support information needed to perform these tasks, including information from other applications (mainly Core Banking Application)
- Broad functional architecture

Benefits

The bank derived all the expected benefits and more, by following our “Functional Specifications” in developing the software solution. Major benefits of the implementation of Staffware, and Newgen were:

- Clear and friendly revised processes
- Near paper free operations
- Far greater efficiencies achieved through several means
 - Scanned documents-no physical documents
 - Very clear steps for each process
 - Many features like automated mail alerts, repository of standard discrepancies etc
 - Well defined flow of work
- Far higher volumes with the same man power
- Improved customer service
- Automation meant that the processes followed were consistent among all teams

“VSM played a major role and took the entire responsibility of gathering requirements and defining the work flow for all the processes, along with detailed flow charts. Their 200 page document formed the foundation for development of the work flow system. As a part of the application, many functionalities that were not covered in the core banking or other applications, were also included”

A key senior stake holder