

Business Process Documentation

Storyline...

The client, a leading urban microfinance institution is Bangalore based and operates centrally as well as at the zonal level. The client has branches across India. The client constantly aims to achieve process efficiency through process automation.

MaGC® (formerly NCRCL®) was engaged by the client to study and document the business processes and develop a credit scoring model.

Once upon a time...

The client was operating with systems and procedures which were not well documented. Credit decisions were subjective and not data driven. Lack of process documentation and subjectivity in decision making created internal friction. Process automation was also posing a challenge in the absence of a comprehensive process document.

Moving on...

MaGC started the assignment with meetings with all functional teams to understand the current processes. An analysis of past loan applications was taken up to understand the criteria applied in loan appraisal. Expert inputs were obtained during discussions on the proposed credit scoring model.

Based on the discussions, 'AS IS' process charts were prepared for all departments. A Credit scoring Model and Decision Matrix were also developed. A spreadsheet based tool was developed for the credit score model. The 'AS IS' Process Charts were validated by the department heads as well as by the Management. The redesigned Credit Score Model also tested by MaGC as well as the credit department on live cases.

Discussions were held across functions to identify process gaps and scope for process reengineering. The 'TO BE' processes were documented comprising of process charts showing the process flow, documents, guidelines and checklists and reports pertaining to the activities. Potential areas for process automation were identified and clearly marked in the process charts.



The comprehensive business process was prepared applying the Layered Approach to Process Mapping (LAMP™) an in-house tool developed at MaGC for process documentation.

Finally...

The business process documentation exercise enabled the client Management and staff to critically analyse the gaps and take measures to address them. The revised processes were expected to reduce TATs significantly in certain areas. The Credit Scoring Model along with the Decision Matrix helped the credit managers in taking objective, data driven credit decisions. The process document enabled the IT team to put in place a clear roadmap for implementing the processes on a CRM and core banking platform.

The revised processes were immediately put into implementation by the client. The client Management appreciated the work of MaGC.