



Success Story: Islamic Product Origination Optimization

Client Classification: Leading Islamic Bank

Service Category: Organization Transformation, Business Acquisition, Integration, & Divestiture, Performance Management

Situation:

This boutique Islamic Banking institution needed to develop a suite of products and services that would encourage new and existing customers to maintain or deepen their relationship with the bank. The account opening process was very complex including 19 documents, 43 signatures (internal and customer) and 34 stamps, with other services (ATM, Mobile Banking, Internet Banking and SMS) provided to the customer via separate applications and only upon customer requests. Consumer credit origination processes (various Murabaha, Musawama and Credit Card offerings) were complicated with excessive documents and signatures. Credit turnaround times exceeded market standards for both Conventional and Islamic products and services, rendering the bank uncompetitive with prime customers.

The processes behind each of the products were built on the legacy of Conventional Banking, incorporating market practices of the leading conventional banks while adding additional layers of processing to meet the sometimes not universally agreed upon requirements of a specific Sharia Board. This led to inefficient with redundant processing and authorizations, excessive handoffs and an inordinate number of non-value added steps. There was also an abundance of internal bureaucracy imbedded within the processes, resulting in a high level of documentation for audit tracking purposes.

These deficiencies led to turnaround times of up to six days for some applications, but with no existing reporting mechanism in place, there was no way to track or correct these deficiencies before they negatively impacted the Customer Experience.

Recommendations:

- Re-engineered product setup to ensure all new customers are automatically enrolled with SMS and Mobile banking access at the account opening stage. This included completing and verifying registration on the chosen device before the customer left the branch.
- All liability accounts opened with ATM card assuring lower cost ATM and CDM access. With cards created and embossed in real time at the branch, branch staff were able to walk the customer through their first deposit at the ATM to better encourage this channels usage, especially among more traditional customers who would normally favor Tellers over machines.

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- The enabling of Internet and subsequent IVR Registration (via the internet) to better enable Call Center functionality.
- Optimized the use of existing technology including Electronic Signature Pads, Wireless Card and PIN terminals and the Automated Queuing solution to enhance customer service while increasing ROI on previously underutilized technology acquisitions.
- Rationalized application forms eliminating duplicate fields, removing unnecessary information and significantly reducing multiple customer and internal signatures.
- Eliminating unnecessary stamps and duplicate checking on required documentations, relying instead on automatically captured systems records.
- Document generation initialized at deal creation stage reducing the number of required customer visits.
- Combining duplicate credit approval processes into one consolidated approval.
- Implementation of turnaround time tracking reports in order to communicate and track service expectations to customers.
- Synchronizing internal departments work schedules and efforts by aligning automobile sales offices with bank and dealership hours.

Results:

Enhanced customer relationships enabled by standardization of products, processes, KPIs and SLAs.

- Automatic inclusion of various “sticky” channel products at the Account Opening stage ensuring longer lasting deeper relationships with customers as well as supporting the migration of customer transactions from high cost (branch) channel to lower cost (digital / alternative) channels.
- Reducing variability and complexity of product setup resulting in improved processing efficiency and lowered turnaround times.
- Streamlining credit approval process without degrading risk mitigation and decision making parameters.
- Significant TAT and cost savings achieved in lending processes by reducing Non Value Added steps by 90%, eliminating 22% of documents and reducing required signatures by over 50%.
- Customer TAT reduced by 46% for Account Opening and 59% for Credit Cards.
- Auto Finance TATs reduced to one day from original six with Personal Finance down to two days from original four.