

Six Sigma applied in Banking

Six Sigma is a data driven process improvement methodology based on DMAIC project management cycle (Define-Measure-Analyze-Improve-Control).

It was first applied in manufacturing and it is currently used across all business sectors, including financial services, logistics, human resources and public services.

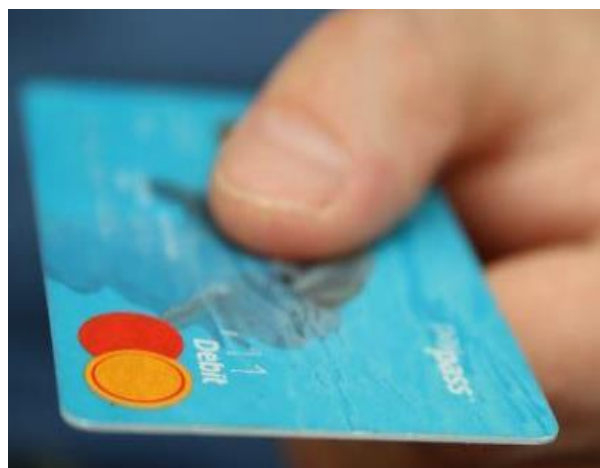
Here is an example of successfully using Six Sigma to satisfy and even exceed Critical Customer Requirements (CCRs), related to issuing a Debit Card, in a Bank.

❖ **Lead Time for Issuance (LTI)** is the time from the moment when the customer applies for a debit card and the moment he receives the fully functional card; this indicator should be as short as possible and it is critical for customer satisfaction. The old process in the Bank comprised: receiving customer application in the branch – processing the application – sending customer/card data to back office – printing card centralized, using a big printing machine – printing PIN code letters - distributing printed cards and PIN codes to branches – storing the printed cards and PIN code in the branch – inviting customer to collect his card and PIN in the branch – delivering card and PIN to customer. The process was long (average LTI = 5 days) and error prone (sigma level 2.1), causing customer dissatisfaction



❖ **A Six Sigma project** was launched to identify root causes for poor process performance. Value Stream Mapping (VSM), root cause analysis and hypothesis testing were the tools used. The established root causes were process complexity + presence of waste (for long LTI) and frequent manual processing (for processing errors)

❖ **Solution** was defined during Improve phase and consisted in streamlining the process by eliminating centralized card printing and replacing it with local printing, executed in the branch. The improved process was simple and straightforward: receiving application in the branch – processing application – printing card in the branch – allowing customer to choose his PIN in the branch – delivering fully functional card to customer. Average LTI improved from 5 days to 10 minutes and processing errors were significantly reduced (sigma level 4.75)



Kindly attend Six Sigma trainings offered by Effective Flux to leverage this effective and efficient methodology.