Lean & Digitize Consultancy Services

Bernardo Nicoletti - April 24th, 2012)

Thank You/Grazie – Any Question ?

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Changing and Challenging Environment ... The 4Cs

Customers

Empowered and demanding

Complex and confused

Sometimes Malicious

Computers

New Technology

Network

Costs

Inflation

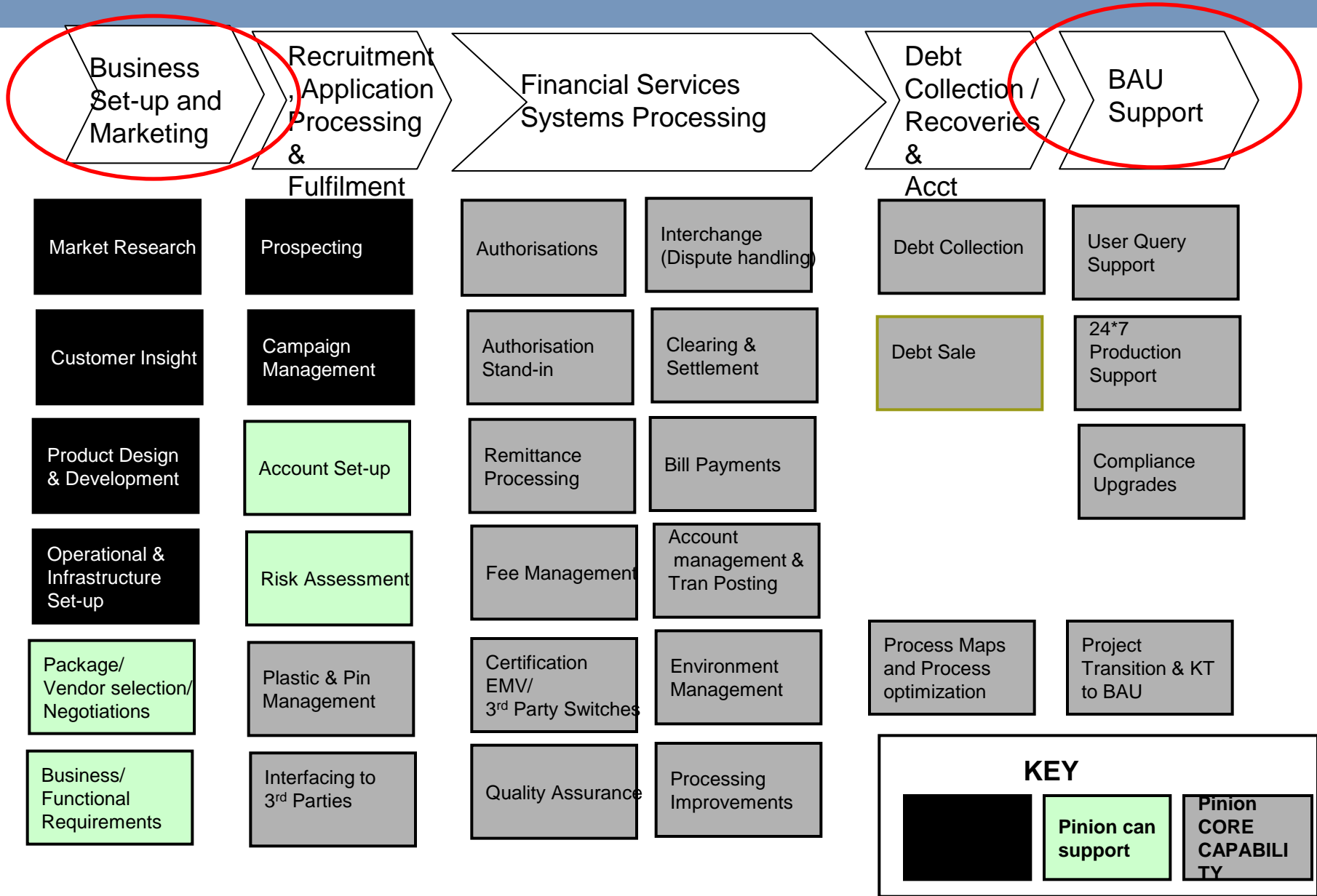**Complex Technology**

Outsourcing

Compliance

Security Requirements

Laws and Regulations

GRC

Achieving process payments in a leaner and more digitized manner

Capabilities in Financial Services Systems

Business Set-up and Marketing	Recruitment, Application Processing & Fulfilment	Financial Services Systems Processing		Debt Collection / Recoveries & Acct	BAU Support
Market Research	Prospecting	Authorisations	Interchange (Dispute handling)	Debt Collection	User Query Support
Customer Insight	Campaign Management	Authorisation Stand-in	Clearing & Settlement	Debt Sale	24*7 Production Support
Product Design & Development	Account Set-up	Remittance Processing	Bill Payments		Compliance Upgrades
Operational & Infrastructure Set-up	Risk Assessment	Fee Management	Account management & Tran Posting		
Package/ Vendor selection/ Negotiations	Plastic & Pin Management	Certification EMV/ 3rd Party Switches	Environment Management	Process Maps and Process optimization	Project Transition & KT to BAU
Business/ Functional Requirements	Interfacing to 3rd Parties	Quality Assurance	Processing Improvements		

KEY

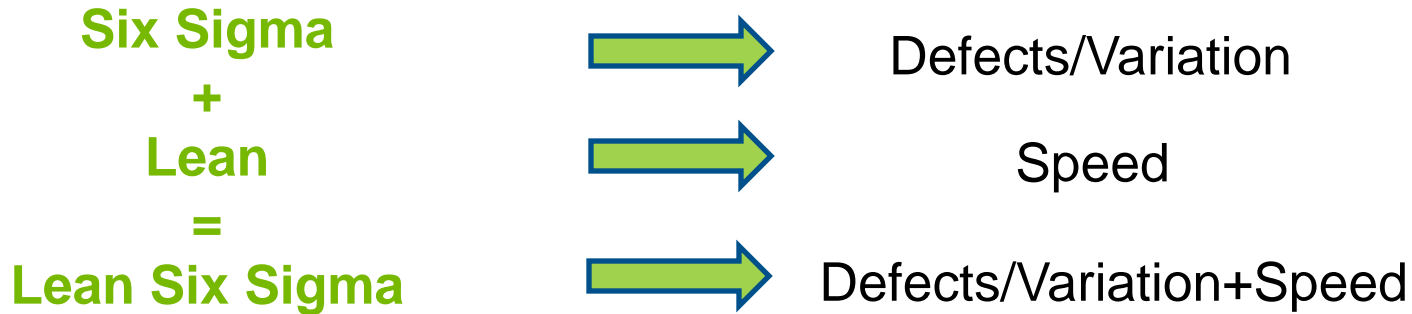|	Pinion can support	Pinion CORE CAPABILITY

Where Bernardo's Consultancy has Helped

- **Change Management**
  - Migrations and Integration Projects
  - Business part of the launch of new products

- **Procurement**
  - ICT Spend analysis
  - Contract negotiations
  - Proces

- **Risk Management Systems Selection**
  - AML
  - Internal Fraud

Agenda

- Lean & Digitize Payment processes

- Leaning processes by using lean & digitize
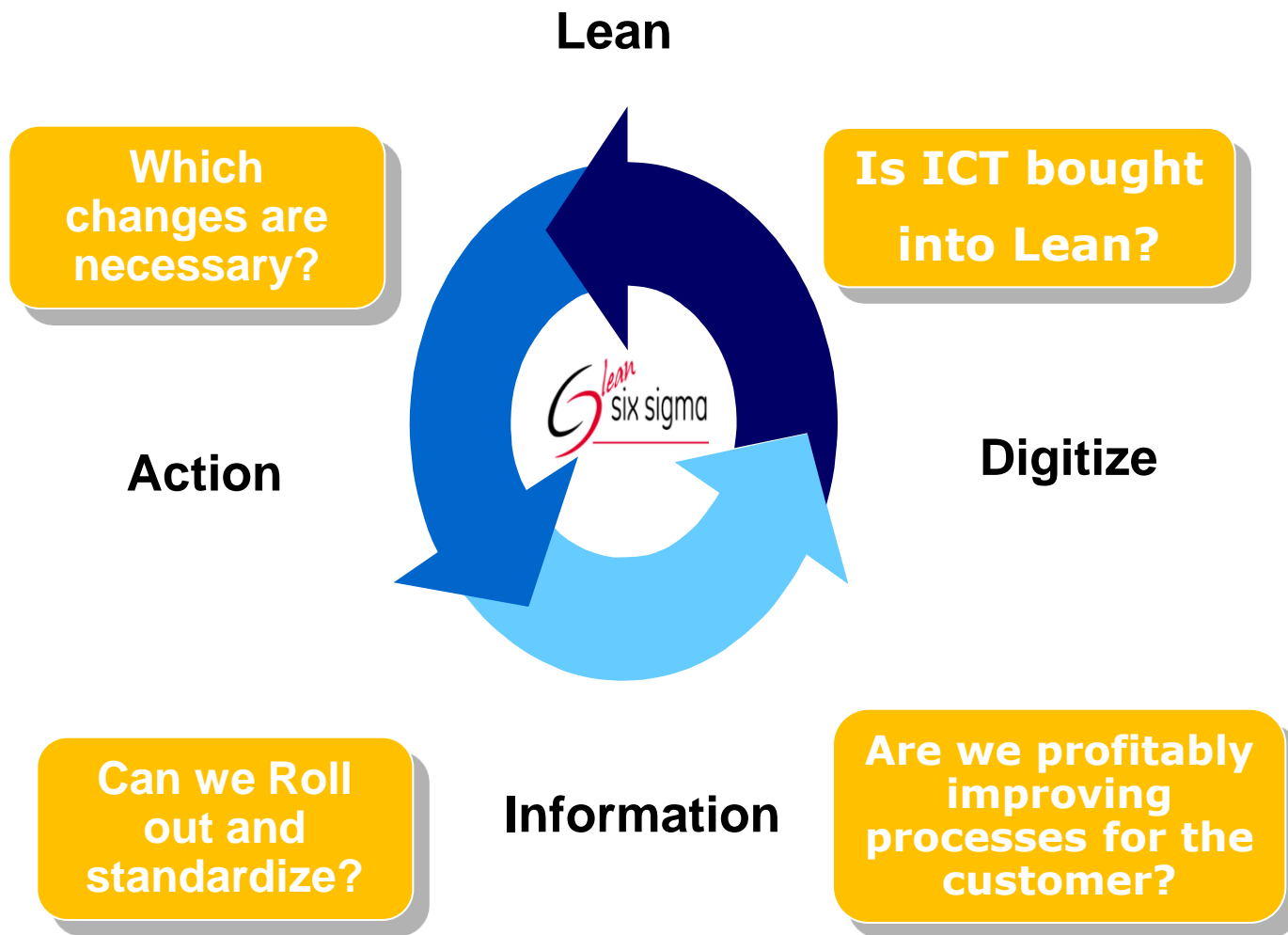
- Leaning Risks

- Best practices and 2012+

Traditional Lean Six Sigma

Six Sigma
+
Lean
=
Lean Six Sigma

→ Defects/Variation

→ Speed

→ Defects/Variation+Speed

Working on:

- The product path
- The process path

This is Fine for Products and Processes .. And Technology?

Lean Six Sigma is not enough: Lean & Digitize

Lean

Digitize

Action

Information

Which changes are necessary?

Is ICT bought into Lean?

Can we Roll out and standardize?

Are we profitably improving processes for the customer?

OPERATIONS MANAGEMENT

La metodologia del Lean & Digitize

Per una organizzazione eccellente

Bernardo Nicoletti

FRANCO ANGELI

Marketing is important but Delivery is essential
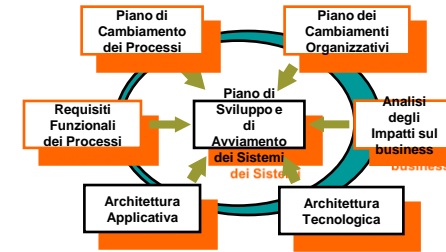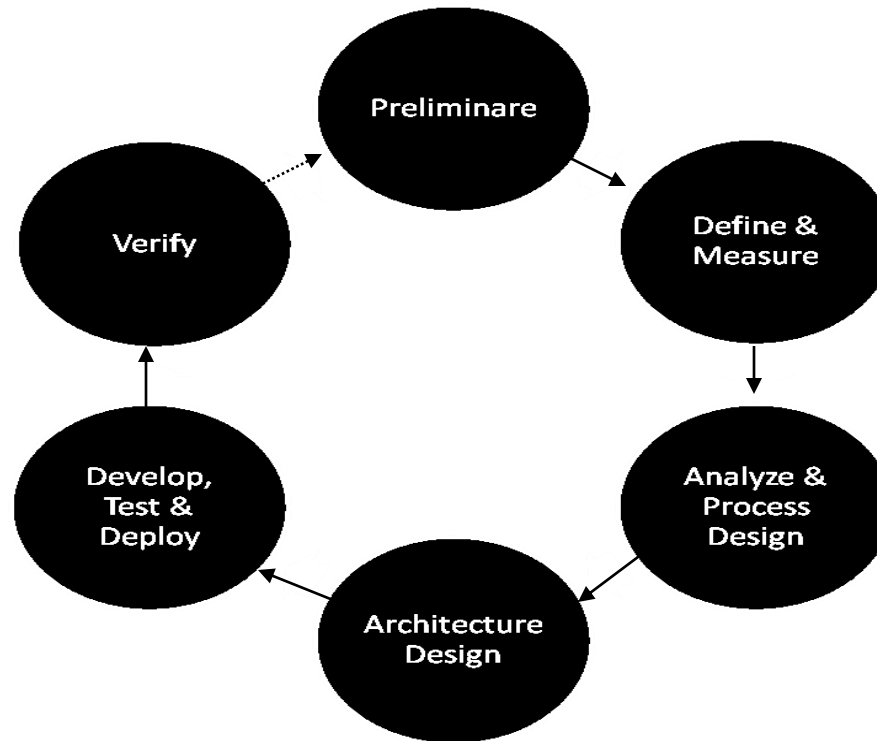
"… information systems have to do more than manage huge amount of financial data..." Bill Gates

Agenda

- **Lean & digitize Financial Institutions processes**
- Leaning processes by using lean processes
- Leaning Risks
- Best practices and 2012+

Objectives of the Lean Principles

- Optimize the Value for the Customers and the Financial Institutions
- Reduce the cycle time
- Lean the organization
- Eliminate un-necessary costs

The Principles of Lean Thinking

- Value

- Identify the flow

- Lean the flow

- The customer pull the flow

- Strive for Perfection

Eliminate The Waste (The "Muda")

- More services than necessary (Overproduction)
- Defects
- Transportation non necessary
- Manual moves of documents
- Delays
- WIP (Work in Process)
- Work dedicated to un-necessary processes

Go for Maximum Digitization

Agenda

- Lean & digitize Payment processes
- **Leaning processes by using Lean & digitize**
- Leaning Risks
- Best practices and 2012+

The Components

Simplify

Product
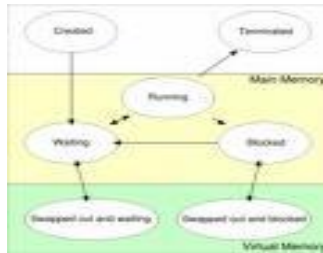
Guidelines
Policy
Local Policy reviews
More self-service

Add Value

Process

More products in the same process with personnel as a consultant
Different processes for different customers:
- Car Lease
- Personal Loans
- Cards

COE Development
Acquiring Expertise
Organizational Design
Training

Consolidation and Virtualization

Technology
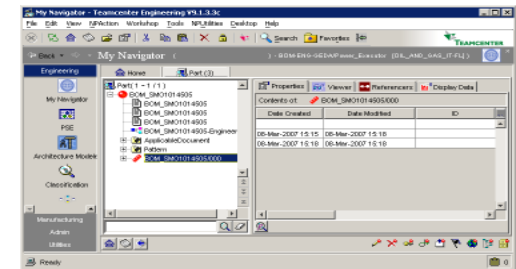
Consistent business logic
Service oriented architecture
Network-centric
On-demand service delivery

"Financial Services Organization can no longer let BPM pass..." Michael Hammer

The Technology

Customer Contact	Connection	The Hub

Call Center	**Network**	**Application**

Service and Sale	Network Components	Rich Internet

Customer Contact — Call Center

Service and Sale
Self-service Terminals
Optional Integrated
Functionality
    Security
    Firewall
    Media streaming
    Voice Services
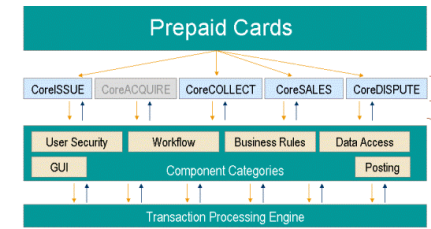   ... Fun Interaction

Connection — Network

Network Components
    wLANs
    Security
    Intrusion detection
    Appliances
    Multi-purpose wireless network
    Sona

The Hub — Application

Rich Internet
Applications
Software as a service
Business Intelligence
Hw Virtualization
CRM
Document management
Backup
SOA

"High performance processes require new information systems" Michael Hammer
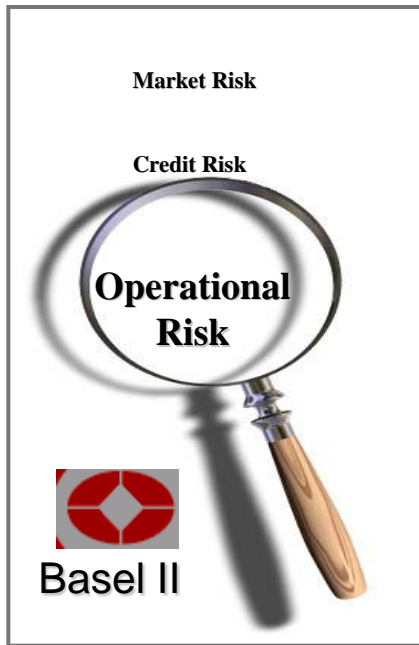
Agenda

- Lean & digitize Payment processes
- Leaning processes by using lean processes
- **Leaning Risks**
- Best practices and 2012+

How do you stop Frauds
Before they stop you

Many Requirements to Reduce Risk

Market Risk

Credit Risk

Operational Risk

Basel II

USA PATRIOT ACT

Sarbanes-Oxley

parmalat · ENRON® · ANDERSEN · Global Crossing®

Risk Management

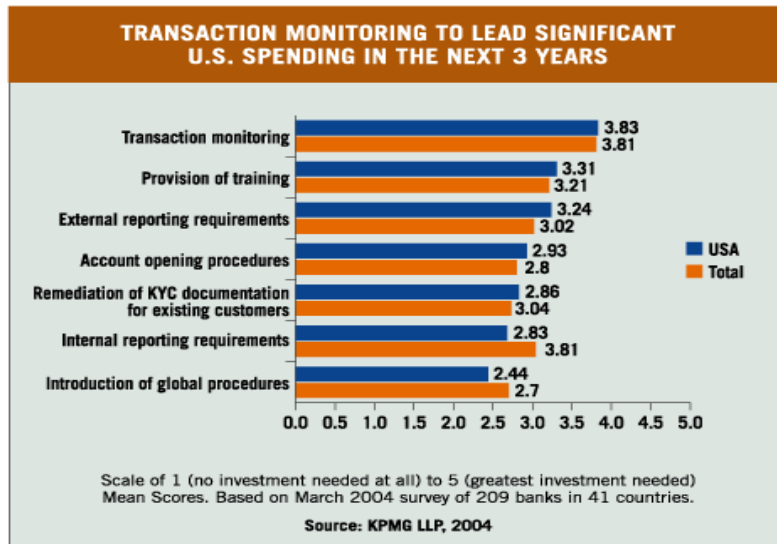**Anti-Money Laundering**

Corporate Governance

The Business Need

- Anti Money Laundering (AML) is increasing in importance.
- Some institutions have been fined (BofA) or have lost the banking license
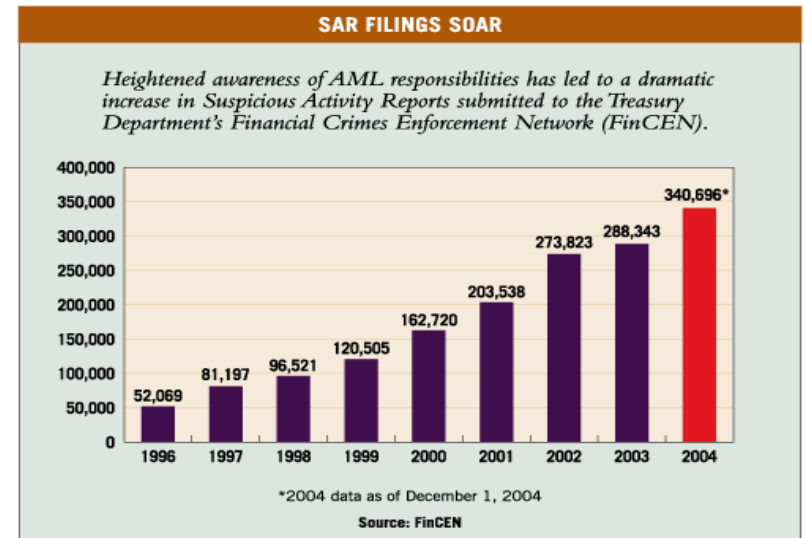- Unclear the situation with new regulations

Banks now more proactive …   Defensive FinCen Reporting …

Spend Increasing   **Industry Ahead of Many**

Capabilities

- Design and change rules
- Extract, Validate, Transform and Load
- Engine
  - Statistical (Actimize) or neuronet (ACI).
  - Batch or real time.
  - Comparison transactions vs. profile.
- Case Management (False Positive)

Agenda

- Lean & digitize Payment processes
- Leaning processes by using lean processes
- Leaning costs
- **Best practices and 2012+**

A Best Practise: the New SEPA regulations in the European Union

Market — e.g. 300 millions the Europeans which could use the service

Services — In 2008, the services available for micropayments were 62

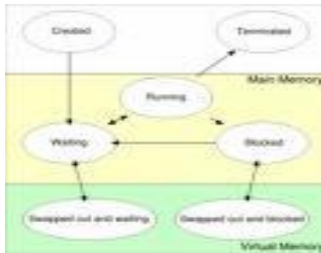**Ceiling** — Maximum amount payable with micropayments would be € 30

Credit — Credit lines up to 12 months

.themegallery.com

Confidential

Integration	Each Customer-Centric	Mobility
Product	**Process**	**Infrastructure**

Integration — Product

Multi-channel

Virtual Cards
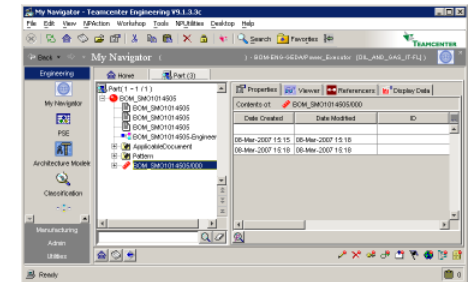
Contactless cards

Each Customer-Centric — Process

Better Customer Service

Integration of products and process approach

Management of full end-to-end processes

Franchising

Mobility — Infrastructure

Standardization

Personal (mobile) devices

PaaS – Platform as a Service

More and more
  Web 2.0 => Card 2.0

Social Networks

Move from Physical to Virtual Services to improve the flow

- Continuous improvement
- The policy of the Bonsai, small steps at a time

Appendix

Resume

- Fulbright Scholar with a Master from Carnegie Mellon University and a Degree from the Polytechnic of Turin, Italy

- Worked in 10 Countries in several companies
    - MIS and CTO in Alitalia
    - Project Leader in Airplus
    - Program Leader in Galileo
    - CEO in Sigma Plus
    - CTO in GE Money
    - CIO in GE Oil & Gas
    - CIO in AIG UPC Latin America
    - Management Consultant for Pinion with projects in Saudi Arabia

- Master Black Belt