

## An NBFC, part of a \$5 billion group in India

### One of the leading NBFC's headquartered in South India

SERVICES OFFERED: **Business Function Optimization**

SECTOR/INDUSTRY: **Non Banking Finance Company**



## AI/ML for optimization of collection function

### Context

**To support client in finding solutions to cost and process challenges in their collection process.**

Our client is one of the leading NBFCs in the country and is also part of a 5 billion \$ group. Serviced more than 1 million customers they have more than 100 offices.

### Challenges

Compared to industry's benchmark, the client had low collection rate and high cost of collection. The collection function was turning out to be a hurdle in client's business growth.

**Two critical challenges to be addressed :**

**High bounce rate** (driven by customers' behavior pattern) and **High cost of collection** (on account of employees behavior and inefficient internal processes)

The client approached SKP to explore opportunities to address above challenges with the help of process optimisation and technologies adoption.

### Our Solution

During the initial discussions on business understanding, it was observed that effective customer engagement, improved field team productivity and optimized processes are the areas to focus.

On detailed analysis and deliberations, following two sub projects were designed during the phase-I.

1. Representation Process Optimization
2. Effective Customer Engagement

#### **Representation Process Optimization**

##### As-is situation

- Representation process was spread over 14 days, thereby impacting productivity of field team
- Representation process involved lot of manual data consolidation with involvement of multiple teams
- Representation process lacked scientific filtration of cases for re-presentation, thereby leading to low realization % and high cost of re-presentation

### Solution designed

- On mapping the representation processes, non value adding activities involved in the process were identified and the process was modified to eliminate these activities
- An AI /ML backed predictive model was developed for better filtered representation process. The model considered various variable parameters such as customer's profile, historical performance etc. The model was designed to predict outcome of list of cases on representation

### **Better Customer Engagement**

#### As-is situation

- It was observed that the contactability with customers was limited
- The mobile numbers available in systems were not consistent and correct
- Carpet bombing approach of SMS communication was not impacting the ultimate outcome

#### Solution designed

- Use of different communication channels (voice blast, tele-calling and SMS) basis the customer profiling
- New initiatives for database improvement were implemented
- AI /ML backed communication strategy developed for controlling future delinquencies
- Selection of appropriate communication templet for different categories of customers to have more impact on customers

### **Impact/Value**

- Representation process turn-around time was successfully **slashed by more than 20%**. Thereby offering 3 additional days to field team to put more efforts on ground to increase the productivity
- The number of cases to be represented to achieve certain collection on representation was **significantly reduced by 65%** (hit rate increased from **11% to 32%**), thereby **saving around 60%** of representation cost
- Following intangible benefits attracted
  - More window to field team for collection (as a result of reduction of TAT of representation process)
  - Releasing field team from representation process thereby improving number of hours available with field team for collection
  - Automation in the representation process resulted in release of valuable man-hours of various teams involved in the process.

**For more information on this case study, please contact:**

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