

RETHINKING BANKING IN THE 21ST CENTURY



100%
TRANSPARENCY



415 BN RUB
TURNOVER



104.000
EMPLOYEES

RUSSIAN BANK VTB RELIES ON CELONIS FOR PERFECT CUSTOMER SERVICE PROCESSES

Times have not been easy for Russian banks in the last years, during which customer expectations have changed and posed massive challenges to the core business of financial institutions. This is even more true for the second-largest Russian bank, VTB, which has its roots in the Soviet era and not only faces new market circumstances but also has to fight with historical legacies such as inefficient processes.

"It is precisely because customers are becoming less attached to their bank, we understand the need to provide not only the best product, but also make our processes cheaper and faster", says Tatiana Svidunovich, Head of the VTB Process Excellence Center. The first step to move to a process-owned organization and become more customer-focused was the creation of the Process Excellence Center in 2014. The department is highly visible within the bank and reports directly to the board.

HOW TO MOVE FORWARD?

While the goal was clear and supported by top management, the question of how to achieve process transparency and efficiency was not. It was the IT consulting company Ramax who introduced so-called process mining to VTB in September 2015. "Before the age of process mining, you needed to have a formal process model in advance and this model had to correspond to reality. This was especially problematic in Russia since the major companies usually fail to have standardized process models. With process mining, you connect the software to the source system, and your digital footprints are visualized right away – a revolution", says Nikolai Sitnikov, Director of Product Management at Ramax.

After having presented the academic software ProM to VTB to visualize the bank's digital footprints, interest sparked. VTB did an extensive market research and decided to purchase Celonis Process Mining in September 2016. Ramax was given a three-year mandate to analyze core and support processes, and drive the corporate transformation.

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Tatiana Svidunovich

Head of the VTB Process Excellence Center

WHERE TO START?

It was decided to start with one the most visible processes to individual VTB customers: the retail products that are sold in branches all over the country, such as banking accounts, credit cards, deposits, loans and insurances. "Before we introduced Celonis", remembers Tatiana Svidunovich, "my team was forced to spend a lot of time visiting sales outlets in order to get information about customer service in different regions. We had to use classical methods, such as interviews and manual measurements. We lost a lot of time and money in order to get regional information." Ramax extracted all of the relevant data, which mainly came from Siebel CRM, created an eventlog, set up the data model, worked on the dashboards that contain the process flows and KPIs, and also trained the VTB staff to use the software.

IMMEDIATE RESULTS

Within only three months, the whole project – from scoping to training and official handover – could be executed. VTB is now in the position to follow all activities of a customer that are linked to its Application ID in the source system, such as how fast he was attended and how many errors negatively affected the provision of services. "It turns out that the credit process is quite complex if compared to other banking processes", says

Alexey Golubintsev, Head of the Center of Competence. It not only involves a lot of people and many systems, but is also critical for general internal workflows. The front office needs to produce error-free data so that the back office can immediately process the request, and the customer can be served right away and does not have to come back to the branch. **"We saw effects immediately, for example with respect to employee performance"**, elaborates Alexey Golubintsev. VTB found cases in which the service delivery time was around five to six times higher than the average for the company. It turned out that there were significant amounts of employees who needed additional training on how to use the source system.

Within only six months, VTB was able to improve the throughput time in the retail process by 30 percent. Dedicated trainings to employees significantly increased the service center efficiency and performance. Faster processes allow the employees to invest their freed-up time in offering high-quality service, which furthermore boosts customer satisfaction and sales growth.

The return on investment for the software was already achieved within the first year.

EXPANDING THE PROCESS PORTFOLIO

In the first half of 2017, Ramax and VTB also analyzed the provision of services



TATIANA SVIDUNOVICH
Head of the VTB Process Excellence Center

to small and medium-sized enterprises. "Small businesses are particularly growing in Russia", adds Tatiana Svidunovich. VTB is aware of the fact that the time it takes to open a billing account is crucial, and promises to set up the account for making payments, transfers and transactions within three hours. "Before analyzing the process with Celonis, the bank was absolutely certain that we comply with this SLA. However, Celonis showed us that only thirteen percent of accounts were actually opened in three hours, and only 65% of accounts were handled on time. **When we showed the stakeholders that the key problems and delays were the back-office processes, they did not believe it.** Celonis made the obvious obvious." Now, 98% of accounts open on time. Loan application processing time decreased fourfold.



Another area in which process mining is currently applied is company-related payroll schemes. The Russian government's strategy is to move companies to pay all salaries electronically, to which VTB has responded by offering tailored products to the corporate market. Amongst other things, enterprises can solicit accounts for all of its employees, who in turn receive preferential conditions. On the one hand, this yields significant potential for customer growth for the bank; on the other hand, it also results in a lot of manual work. With Celonis Process Mining, Ramax and VTB follow the company's Customer ID with the idea is to decrease costs, avoid unnecessary rework and benchmark subsidiaries. Within only 12 months, VTB could achieve a positive ROI on the whole Process Mining project.

WHAT IS NEXT?

Additional processes on the roadmap are Purchase-to-Pay, Order-to-Cash and Incident Management, all of which are heavily used by process mining customers in non-financial industries all over the globe. **The focus here will be to automate as much as possible.** "We have more than ten million active customers. We require certain automated tools for analyzing business processes. The manual method does not work on such a scale", explains Alexey Golubintsev. However, the short and medium-term focus is and will be the VTB customers, especially with VTB, VTB24 and Bank of Moscow being consolidated under one general corporate structure. "We are currently building a customized process model to better understand multi-channel communication.

The client can call us, come to the office, write a message, start the chat function and so on. We would like to spot potential negative experiences, and owe it to our clients to improve our service preventively", he continues, and optimistically shares that Ramax, Celonis and the VTB Process Excellence Center are the perfect match to successfully transform the bank: **"We are very happy with the work of Ramax and Celonis.** The software is really easy to use. My personal experience shows that after a month it was enough to dive deep". And Tatiana Svidunovich concludes: "This is a tool not only for banks. I am confident that any retail company, any company that works with a huge number of operations, not only can, but must find a place for this product."



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