

## PAY LESS FOR PAYBACK

Wipro helps one of the largest and the oldest investment banks in Europe minimize settlement costs.



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### INDUSTRY LANDSCAPE

The investment banking sector has faced mammoth challenges in the aftermath of the economic slowdown and global credit crunch. These testing circumstances forced the industry to tread the path of consolidation, which threw up a host of complex issues related to systems and transactional processes. Corporate clients also placed tougher demands, prompting banks to streamline their systems and operations to be in sync with the emerging challenges, while at the same time minimizing losses.

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### CLIENT BACKGROUND

The client is one of the largest and oldest investment banks in Europe, providing an array of financial services to its customers including access to all the major capital markets. Operating out of 50 countries, the bank employs over 60,000 to serve private, institutional and corporate clients across the world.

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### THE OPPORTUNITY

The client's critical business challenge pertained to minimizing or eliminating losses on account of provisions made due to delayed settlement of cash flow for different asset classes such as credit, rates and equity derivatives. The process relates to payable and receivable claims arising due to delayed cash flow settlements between the bank and its customers.

It was found that the client was making a higher payout compared to their receivable claims. Over a single quarter, they had paid out more than USD 610,000 in claims, while the receipts amounted to only USD 330,000. For Wipro, this presented an opportunity to minimize or eliminate these losses by reducing defects in all the upstream processes.

The cross-functional Six Sigma initiative helped the customer reduce defects in their financial costing management by 20% that resulted in monetary savings of USD 500,000.

## SOLUTION

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Wipro outlined a series of steps to be driven through a cross-functional six sigma initiative as part of the solution to reduce the client's losses. The flaws related to various asset classes were identified, after which the team engaged in a monitoring process to control errors.

Wipro was able to improve the processes that led to delayed settlement of cash flow. It reduced the defects in all the upstream processes that were being perceived as claims in the EFC process.

## BUSINESS IMPACT

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Fixing the procedural flaws resulted in significant monetary gains for the client and was able to achieve a 20% reduction in defects, the process changes helped it save USD 500,000.

The engagement also resulted putting in place an efficient tracking and monitoring mechanism. The automated EFC monitoring system provided greater accuracy for the client.

## ENGAGEMENT HIGHLIGHTS

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- Introducing a feedback form across asset classes to highlight upstream process errors
- Defining a process to attach all relevant documents relating to claims in the client system to avoid missing proofs
- Enhancing procedures for fund use requests to increase recoveries and minimize losses due to client error
- Monitoring and control of major causes of errors to avoid recurrence
- Introducing a threshold on receivable cases to accept claims from counter parties on the basis of a competitive benchmarking study
- Applying of value adjustment in European/Emerging Market currencies

## Wipro Banking and Financial Services

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Wipro's Banking Practice has partnered with over 50 of the world's leading banks including 4 of the top 5 banks worldwide as well as leading banks in the Asia Pacific. Our expertise across retail banking, enterprise banking, investment banking, regulatory risk and compliance, mobile banking, channels, payments, lending & mortgages and wealth management address transformational changes for our customers. Our solutions on cloud, mobile, social computing and analytics enable our customers to build a bankable future.

For more information, please visit [www.wipro.com](http://www.wipro.com) or mail [info@wipro.com](mailto:info@wipro.com)

### DO BUSINESS BETTER

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