

*e-nxt*

**A TATA Enterprise**

Case Study – Process Efficiency in PDC  
Factory.



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# Increase in process efficiency of PDC factory.

## The Client

Our client is one of the top non deposit taking NBFC of India having its presence in multiple locations in India and actively involved in financing of vehicle loans.

## Industry

Banking & Finance

## Challenges

Monthly banking of 2 lakh cheques is a challenging task, at the time of taking over of assignment challenges noted were:

1. PDC (Post Dated Cheques) not getting banked was noted to be at 1%, this resulted in considerable loss of revenue to client.
2. Late banking of PDC after due date was as high as 12%, which resulted in late credit of revenue leading to interest loss for client.
3. Under bank reconciliation, open entries greater than 90 days was observed to be at 6% of overall line items.

Majority of process sigma scores were below 2.5 sigma levels indicating process inefficiency.

## e-Nxt Solution

To improve the overall efficiency of PDC factory post taking over of the process, e-Nxt launched multiple initiatives in co-ordination with client.

Data over a period of past 6 months was analyzed for identifying trends and patterns for the error cases, steps taken to improve the efficiency were:

### Improve PDC not getting banked:

1. One time activity of entire PDC stock verification was undertaken to quantify the PDC that are missing in advance, missing PDC were intimated to end customer for stop payment at customer bank end and requested then for subsequent issuance of fresh PDC.
2. Entire PDC storing process was re-looked into and post study, PDC storage mechanism was changed to ensure that none of the PDC are missed at the time of pull out. Storage of PDC was bifurcated into following levels:  
  
Normal PDC – Security PDC  
Core Banking – Non Core Banking  
Banking due date  
Bank name wise storage  
Loan agreement number
3. Proper tracking mechanism was set in place to ensure that ageing of open line items was controlled at the

initial level to avoid increase in numbers of open items at later stage.

Escalation and follow ups was rigorously introduced for branches & banks for closure of open line items.

Special task force team was set in place for tracking and closure of line items that are above 90 days.

Increase in banking efficiency ensures that flow of new open line items was negligible.

## Achievements

1. PDC not banked is currently Zero for past 2 years out of total 1.5 lakh cheques being banked per month.
  2. PDC getting banked within due date is currently at 5.5 sigma which was earlier at 2.5 sigma.
  3. No bank reconciliation line items are open for more than 30 days, this has been consistent performance for last 2 years.
- Currently PDC factory processes are functioning at above 5 sigma level.

## Case Study Summary – PDC Factory

