

# Kleinwort Benson Eliminates Risk in Private Banking Processes

## challenges

- reduce inefficiency & risk in large same-day settlements
- increase scale and sophistication of offerings by over 30%

## solution

- process management portal orchestrates each settlement
- integration across core systems for real-time visibility

## benefits

- efficiency improved by 60%, complexity reduced by 30%
- eliminated unsupported workarounds to legacy systems

Kleinwort Benson is a leading private investment bank, offering a wide range of financial services to private clients, corporations, and charitable organizations primarily in the United Kingdom. Through their parent company, Dresdner Bank, they have access to a global network of experts who can offer private clients the very best in wealth management advice and service. Corporate clients benefit from fund administration and custodian trustee services offered by their long-established specialist division in the Channel Islands. Kleinwort Benson's customer-focused approach has resulted in multiple "best private bank" awards.

## Combating Inefficiency and Risk

Settlement of large money market deals is a critical and fundamental part of Kleinwort Benson's business. Every day, the bank brokers dozens of high-value financial transactions – including Loans, Foreign Exchanges, Fixed Deposits, and Certificates of Deposit – that average over 1 billion GBP in total daily value. The process of settling each deal involves validating all the deal instructions and ensuring requirements are complete and correct before initiating and releasing payments, within stringent time constraints: the same business day. The large monetary values and the tight time pressures make deal settlement a high-risk, high-impact process.

The settlement process had been unnecessarily complicated, inefficient, and risky for the following reasons:

- **Disparate Systems and Teams.** The process originally involved five applications and three different teams. Reliance on "point applications" to satisfy different business requirements resulted in a large, expensive and fragmented IT landscape. These legacy applications soak up a significant portion of the IT budget – yet the applications were not well supported, and their inflexibility required manual paper-based workarounds in order to adapt to any changes in the business.
- **Manual Exception Handling and Rework.** Up to 30% of the deals each day suffered from data entry errors that required manual intervention and correction at various points along the process.
- **Lack of End-to-End Visibility.** The ever-increasing regulation of financial services requires tremendous visibility across entire financial transactions. But each point application had different levels of auditing, and there was no auditing of the "white space" between applications.

## Garnering Support for a Solution

To relieve the strain from increasing demand and complexity of deals, IT proposed the idea of using BPM to implement a task management portal for managing settlements. The CTO recognized how BPM could be a key enabler to

the business – but he also realized the difficulty in getting a BPM project off the ground: A previous point application built using a workflow tool had failed. The business has no process improvement experience. IT's credibility within the business was low. Resource constraints made staffing a risky project impossible.

Consequently, the CTO championed a “skunk works” pilot project using only available resources. The pilot was designed to demonstrate concretely to the business how BPM could resolve the real problems within their settlement process. Moreover, the pilot provided immediate business value, and was quickly taken to production. BPM had been validated, and the foundation for subsequent process improvement projects was laid.

## Impressive Results

The process management portal, implemented using Lombardi Teamworks, provides a centralized view of each deal. All deal instructions, amendments, and reversals are captured and are visible at any time during the process. Integrations to the back-office systems are handled automatically by the process implementation, so users no longer have to deal with the systems directly. The following benefits have been realized:

- **Real-time management and visibility has eliminated the need for end-of-day reconciliation reporting and rework, freeing up the last hours of the day for more deals.**
- **Process complexity was reduced by 30% (in terms of fewer system integrations, human interactions, and business rules).**
- **Each deal is fully audited end-to-end.**
- **Deal elapsed time was reduced by 60%.**

- **Errors and data duplication are either eliminated or fixed earlier, allowing FTEs to be reallocated.**
- **Paved the way to retiring one or more point applications.**

## Planning for Expansion

Following the success of the first project, the demand for new process improvement projects has been abundant. To support this expansion, Kleinwort Benson has been modeling and validating its core processes, and is instituting process governance procedures to coordinate their investment in improvements across the organization.

*Our pilot was a great way to demonstrate BPM to the business -- we have been inundated with requests for new projects.*

## About Lombardi

Lombardi is a leader in business process management (BPM). We offer award-winning BPM technology and services to help our customers, partners and government agencies around the world succeed with their process improvement initiatives.

Lombardi is behind some of the largest, most successful BPM implementations in the world. Our customers include AARP, Aflac, Allianz Group, Applied Materials, Banco Espirito Santo, Barclays Global Investors, Chiquita Brands, Dell, Financial Services Authority, Ford Motor Company, Hasbro, ING Direct, Intel, Jaguar Land Rover, Mirant, National Bank of Canada, National Institutes of Health, OAD Groep, Pfizer, PHH Arval, SIRVA, Symantec, UCLH, Wells Fargo, Yale University and numerous governmental agencies. For more information, visit [www.lombardi.com](http://www.lombardi.com).

