MicroSave
Market-led solutions for financial services

Offices across Asia, Africa
and Latin America

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Process Mapping

Overview

Process mapping is a technique that makes workflows visible. A process map is a flowchart that shows who is doing what, with whom, when, for how long and with what documents. It shows how operational decisions are made and the sequence of events. Effective process mapping allows financial service providers to analyse and improve many important functions and activities within the institution. Through this service *MicroSave* conducts process-mapping using a four-tiered framework that encompasses:

1. Flowcharting the processes
2. Describing the processes
3. Analysing the risks in the processes and identifying process improvements
4. Analysing the internal controls and other risk management strategies to manage the risks
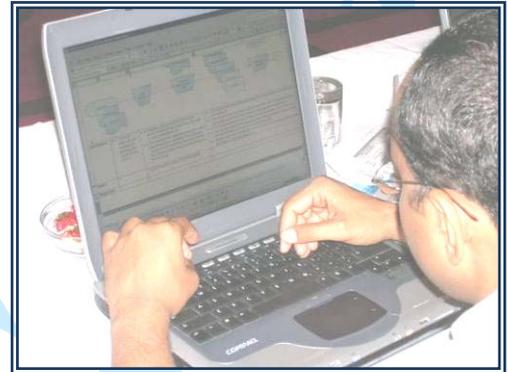
Benefits

MicroSave's clients and partners report extremely positive results from mapping processes. In many institutions this may reflect the prior absence of a mechanism to review processes holistically combined with the organic growth of processes over time. The speed at which visible efficiency gains can be realised suggests that significant benefits can be derived from a first round of process mapping. Benefits reported operate at strategic, managerial and operational levels.

Risk Management: Risks are quickly identified and appropriate responses designed. Risk mitigation tactics can be monitored and assessed. Tanzania Postal Bank, KGFS and Grameen Koota in India and TSPI, TSKI, ASKI and OK Bank in the Philippines, are using process mapping to strengthen their management of credit risk.

Human Resource Management: There is usually improved assignment of tasks between individuals. Assessment of process related blockages can lead to reallocation of staff, and process improvements result in more efficient use of staff. Equity Bank in Kenya was able to reallocate significant numbers of staff and thus initiate their marketing department. Grameen Koota, developed process maps for functions like HR and Finance use as a base for developing monitoring checklists with the intention of extending the coverage of internal audit to these functions in addition to the branches.

Standardisation of Practices: Process maps act as reference points for day-to-day work, they are easy to refer to, read and understand. To encourage standardisation, Equity Bank placed process maps on its intranet system and reduced the average transaction time for withdrawals by over 3 minutes to just 4 minutes and 57 seconds. RGVN CSP, in India, was able to standardise processes across the organisation and minimised a large amount of duplication thereby effectively increasing the efficiency of the processes mapped. For Eko, we have designed processes that can help them scale-up their agent banking initiative in India.

Customer Service: Almost all clients have reported improvements in service levels. Process mapping improves service levels through examining processes for bottlenecks, delays, preventable errors, role ambiguity, duplications, unnecessary handovers and cycle time. Kenya Post Office Savings Bank has implemented changes that significantly reduced congestion in their banking halls. We helped SEED, a BC in India to deliver Government to People (G2P) payments by designing front-end processes.

Cost Control: Process mapping enables procedure related bottlenecks to be identified and removed. For Commercial Microfinance Limited (CMF) in Uganda the decision to simplify loan application procedures saved staff and clients, time and money. FINCA Uganda also reports improved efficiency.
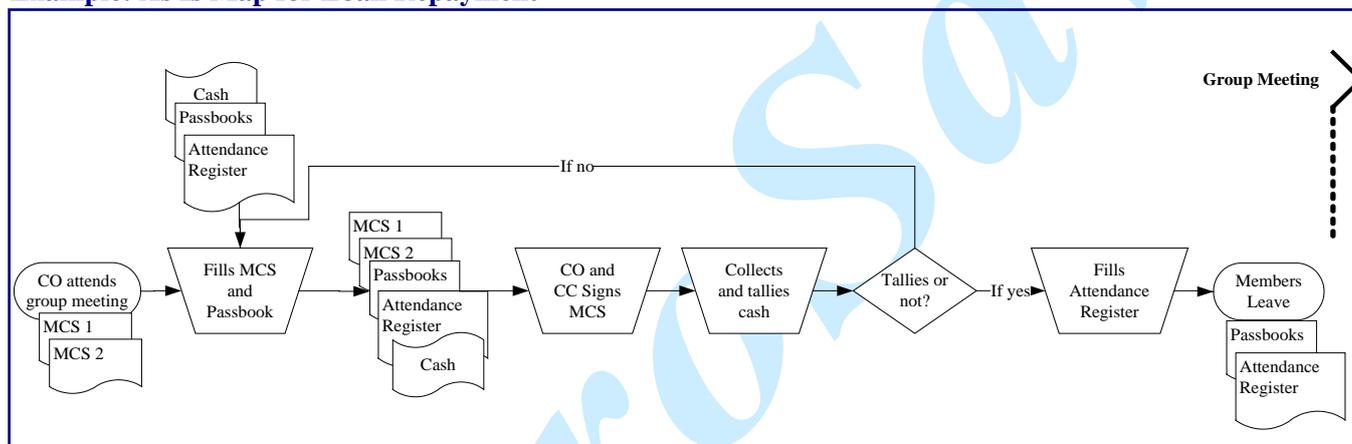
Banking and MIS: Process mapping is a frequent starting point for system audits. FINCA Uganda used process mapping to identify weaknesses in their banking system and to guide system related improvements. CMF were able to document and improve their disaster recovery procedures.

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Staff Performance and Training: Process mapping enables the creation of performance standards by determining how long a particular process should take and through encouraging consistency in application it makes it easier to identify staff performing above or below expectations. Through streamlining processes and removing excessive handovers, it can improve the attribution of performance. As a visual tool, process maps can replace pages of text and significantly shorten procedure manuals. Equity Bank already uses the first two tiers of the process map – the flowchart and its description to teach procedures to new and existing staff.

Reduced Documentation: Most clients and partners report significant reductions in documentation. CMF consolidated information requirements into a single loan agreement, thus reducing duplication of information. At Grameen Sahara, India, the number of documents to fill for a loan reduced from 24 to 12, and the cost of printing and stationary reduced to about a third.

New Product Development: Process mapping enables new product procedures to be adapted from existing procedures or developed from scratch, and changed easily before they are written into policies and procedure manuals. TSKI in the Philippines has process mapped all processes related to its new product PKK2 to optimise procedures and train their staff on the new product.

Example: As Is Map for Loan Repayment

Description	• CO goes to the group meeting with collection sheet filled with the names of all group members. • On reaching the meeting, the CO fills the collection sheet in duplicate as per due amounts. The CO then collects the passbooks from the centre leader and fills up as per scheduled amounts.	• While the CO does the documentation, group members come to the meeting and start collecting the cash (loan repayments and deposits, fines, if any). After all the cash is collected, centre leader counts the cash and hands over amount to the CO. • The CO and the centre chief signs the collection sheet. • The CO counts the cash given by the centre chief. • CO makes necessary changes in Passbook and collection sheet, if cash does not tally.	• CO prepares the attendance register and group members present in the meeting sign the register. • CO signs attendance register and if any member is absent, writes reason for absence after enquiry from other members. • If a fine has been collected from a member for being late, the CO adds the amount to the previous balance and signs attendance register. • Group members take the oath as listed in the passbook. • Group members leave the meeting. Passbooks are retained by the centre leader.
Risks	• Risk of errors as variance of due and actual payments to be made are not checked by CO.	• Collection sheet is signed by CO and centre leader before due and actual cash is tallied. • Centre leader signs MCS as a routine activity, so the risk control is not done.	• There is no insistence by the CO on need for regularity in attendance. Group cohesion and consequently repayments will get affected.
Mitigation Strategy	• CO to first collect cash from centre leader, tally amount and then enter data.	• Collection sheet to be signed by both after due amount and actual received is tallied. • CO to ensure that centre leader checks total amount before signing.	• CO to reinforce value of groups and need for meetings at regular intervals.

Carefully analysed process maps bring efficiency and risk management gains that to hugely outweigh the significant investment in time and resources required to generate the maps.