

Kerstin Scholz, member of the executive board of VR Leasing AG, symbolically sends the last piece of paper on its way.



Interest rates are low, and have been so for an unprecedented period of time. This has made business difficult for banks the world over. They have minimal profit margins on loans, and borrowing money is cheap. Perhaps even too cheap. The VR Leasing Group is also affected by the situation. A subsidiary of the Deutsche Zentral-Genossenschaftsbank, or DZ Bank for short, it offers financial solutions such as leasing, lease-purchasing, and loans for regional medium-sized companies—from restaurants and skilled trades to farms. “Our customers have many ways of getting access to funding. The only way we can stand out is by offering special customer benefits—such as speed and simplicity,” says executive board member Kerstin Scholz. Which means that the internal processes of this financial service provider need to be quick and simple themselves.

THE BANK AS A FACTORY

An economist by training, Scholz is VR Leasing’s executive board member in charge of production, risk management, and internal audits. Even though her company does not produce physical objects, she emphasizes the strong similarities to conventional production. “We have designed our processes just like those at a factory,” she says. “We have created modular products that can be combined in different ways. This means that our customers always receive an individualized result.” The orders are processed in ways that resemble mass production. Leasing contracts, for example, are assembled step by step. All tasks are always performed in exactly the same way—regardless of which employee is involved.

That was not always the case. In the early 2010s, the VR Leasing Group worked more like a craft production shop. “As a classic customer service provider, we offered a very broad range of products through many different sales channels to very diverse customers,” says Scholz. There was one problem, however: “The unit numbers and batch sizes were too small. To work efficiently, we had to produce larger volumes.” For several years now, the company has been undergoing a transformation. Strategic decisions include not only concentrating on business via the Volksbanken Raiffeisenbanken cooperative financial network in Germany, but also optimizing production—by means of standardized processes. “Our high level of standard-

PAPER ADIEU

Bitcoins and online banking—financial transactions are becoming ever more virtual. But processes at financial service providers still often take paper form. The VR Leasing Group shows how to bid farewell to traditional paper documents.

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ization is still unusual in the business,” says Scholz, “but it is an important step toward greater digitization and automation. Compared to other companies in our sector, we have come a long way.”

LOANS IN THREE MINUTES

When customers submit applications for loans of up to 200,000 euros, they generally receive a decision within three minutes. An almost completely automated system makes this possible. Ninety percent of the applications up to this limit are analyzed by machine, without the need for any documents or human intervention. “We make a very clear promise to decide immediately on minor financing projects,” says Scholz. “That also includes transferring the money to the customer’s account within 24 hours.” For loans above 200,000 euros, the company makes an individual offer within two days. “To keep this promise, the main thing we need is transparency. We have to maintain a clear view of all of our incoming orders. And we have to know which employees are available with which capacities so we can guide each job with the right prioritization. That’s not possible if you have to pass paper files back and forth. Digitization is what allows us to have this transparency in the first place.”

66 PERCENT MORE EFFICIENT

The VR Leasing Group has switched to paperless processing of all of its applications.

Lengthy postal correspondence between different branches is a thing of the past. Instead, every job—regardless of whether it originates by letter, fax, phone, e-mail, or online form—lands in a central inbox, which of course is virtual. Anything that doesn’t arrive in digital form is first scanned, and then receives a unique code for the subsequent prioritization, which is based on about 15 markers.

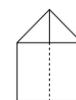
Loan application or cancellation? The scanners identify approximately 90 percent of the company’s own documents fully automatically. A logarithm specially programmed for the VR Leasing Group sorts them by urgency and assigns them on an individual basis to the teams that have both the necessary expertise and the capacity to handle them.

The company wants to take digitization even further. “Together with Porsche Consulting, we started the ball rolling in the summer of 2013—and four years later we’ve covered about half the ground,” says Scholz. The results are already impressive. Jobs are processed an average of 66 percent more efficiently. “The next step will consist of full automation,” she adds. As early as 2017, business customers should not only be able to apply online for loans of up to 60,000 euros, but be able to finalize them as well. The groundwork is being laid. As Scholz explains, “Complex processes don’t get any better when you digitize them. Instead, the

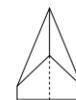
processes in the background have to be fast and simple in order for the same to be true of customer experiences in the foreground.” ←



1. Digitization: Every job, whether it arrives by letter, fax, phone, or e-mail, lands in a virtual inbox. Non-digital documents are registered by special scanners.



2. Prioritization: Each job is automatically prioritized on the basis of set markers and is assigned a completion date. It needs to be processed by this deadline.



3. Pull principle: As soon as they complete one job, employees “pull” the next one. Markers ensure that each job is assigned to a suitably qualified staff member.



4. Result: Independent of employee location, applications are processed based on urgency. The system is faster, and ensures uniform quality.