

## EXECUTIVE SUMMARY

Main objective of the Management Field Project (MFP) is to address significant performance issue in a company and recommend implementable solution through adopting a structured problem solving approach. Accordingly, through this MFP, the author intended to study and make viable solutions to the crucial performance issue of “Errors in Collateral Management Systems” of CBC Bank PLC (CBC), This issue has been prevailing in the CBC since year 2014 and both internal and external auditors have raised their concerns related to the data extracted from the Collateral Management Systems (CMS) for many internal and external regulatory reporting purposes. Further, Management of CBC also pointed out the issues encountered due to absence of accurate collateral details in CMS. This MFP report organized into five core chapters and chapter one start with a brief overview related to the both banking industry of Sri Lanka and CBC. Further, the author has given brief overview related to the project, methodology adopted and significance of the project in chapter one. Apart from that, latter part of the first chapter described the limitations associated with project and chapter ended with the chapter summary providing a brief description related to the chapter content.

Organizational analysis conducted through the SWOT analysis in respect of the context of the problem given in the first part of the Chapter two. Such analysis revealed that strength of having an experienced and talented employee base could be utilized to seize many impending opportunities in both local and international operations. Further, analysis reveal that threat of lower credit growth in the industry could be minimized through the well diversified customers based and product portfolio of CBC. Apart from that CBC could develop the strategies to avoid the weakness of non-availability of strong data analytical and MIS unit to avoid the threat post by the new development in fintech solutions. Further, the author identified that 36% collateral records out of the total records is consist of different errors in CMS through the quantitative data analysis. Further, in problem analysis phase, the author identified that Training and Development, Process Management, System Functionality and Management Control as the main project components. Accordingly, Lack of training, Absence of Standard Operation Procedure and Errors in collateral allocation function were identified as the most significant root causes for the problem with the support of problem analysis tools of Ishikawa Diagram and Pareto analysis.

Theatrical underpinning related to the problem area of errors in collateral management system explored related to four project components identified in problem analysis phase. As a result, different viewpoints, frameworks and best practices related to the Training and Development, Process Management and System Functionality were identified and possible root causes also established. Further, literature finding were given different insight related to the possible solutions to address the performance gap discussed under problem description. Study Framework was developed selecting the Training and Development, Process Management and System Functionality components based on finding of derived through literature review as the most influential causes to the subject problem. Finally, different techniques such as Systematic Training Process, Training plan, Framework for Standardize Process Documenting and PDCA cycle on Continues Improvement were discussed related to the solutions development.

Then the author discussed the holistic nature of the project through developing project objectives, current situation analysis. Finally, the solutions were developed with resource allocation plan. Accordingly, main objectives of reducing the collateral errors in CMS from 36% to 6 % was established. Further, six sub objectives were also established related to each project components. Then, the author presented the current situation analysis along with details related to the proposed solutions. Accordingly, conducting of two training programs, development of Digital Library, preparation of Standard Operation Procedure, simplifying the collateral capturing process in CMS, development of collateral allocation algorithm and development of the collateral number validation mechanism are proposed as solutions to minimize the effect of the problem. Finally, viability of the projects was assessed through Benefit-cost analysis and minimum of 3.01 times Benefit/Cost was derived.

Through the discussions, the author provides the short term and long term recommendations related to execution of proposed solution and other recommendations to further enhance the effectiveness and efficiency of the collateral management process of CBC. Accordingly, prioritizing the proposed solutions, forming a cross functional team, conducting regular reviews, appointment of single contact person from business units, establishing related KPIs were recommended for successful implantation of proposed solutions. Further, the author recommended to explore the possibility of centralizing the collateral capturing process in CMS to further enhance the effectiveness and efficiency of the process.