ABC Bank – Detailed Personal Loan Processing Document

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1. Introduction

Personal loans are unsecured financial products offered by ABC Bank to individuals based on their creditworthiness, income profile, and repayment capability. This document outlines the comprehensive process followed at ABC Bank for processing personal loans.

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2. Objective

The objective of this document is to define a streamlined, standardized, and compliant workflow for personal loan processing, from lead generation to disbursal and post-loan servicing.

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3. Scope

This process applies to:

- All retail banking branches of ABC Bank
- Online banking and mobile applications
- Third-party agents (DSAs and referral partners)

Target customers include salaried and self-employed individuals seeking unsecured loans.

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4. Loan Product Features

Feature	Details
Loan Amount	₹50,000 to ₹25,00,000
Loan Tenure	12 to 60 months
Interest Rate	10.50% to 24.00% p.a.
Processing Fees	Up to 2.5% of loan amount
Pre-Closure Charges	3% of outstanding principal after 6 months

Feature	Details
EMI Payment Mode	NACH/ECS/Post-dated Cheques
Loan Type	Unsecured, Fixed Rate Loan
Collateral Required	No
Credit Score Minimum	700 (CIBIL or equivalent bureau)

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5. End-to-End Loan Processing Workflow

5.1 Loan Sourcing & Application Submission

Channels:

- Branch walk-ins

- Bank website and mobile app

- DSAs (Direct Selling Agents)

- Telecalling or email campaigns

Customer Input Required:

- Personal information (Name, DOB, Contact details)

- KYC details (PAN, Aadhaar)

- Employment and income details

- Loan amount and tenure

Actions:

- Lead creation in CRM

- Auto-trigger of application form and documentation checklist

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5.2 Preliminary Eligibility Check

System-based validations:

- Age: 21 to 60 years

- Employment: Salaried or self-employed

- Minimum Net Monthly Income (NMI): ₹20,000

- Minimum CIBIL score: 700

Actions:

- Rule-based engine checks parameters

- Application gets rejected, passed, or flagged for manual review

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5.3 Documentation Collection and Verification

Mandatory Documents (Salaried):

- Identity Proof: PAN Card

- Address Proof: Aadhaar/Utility Bill/Passport

- Income Proof: Last 3 months salary slips

- Bank Statement: Last 6 months

- Employment Proof: Offer letter/ID Card

Mandatory Documents (Self-employed):

- Business registration proof

- Income Tax Returns (ITR) – Last 2 years

- Audited Financial Statements

- Bank Statement: Last 6 months

Verification Tools:

- Video KYC / Aadhaar eKYC integration

- DMS (Document Management System) logs

- NSDL validation for PAN

- Bureau integration for KYC name match

5.4 Credit Assessment & Risk Evaluation

Bureau Pull:

- Integration with CIBIL, Equifax, Experian

- Fetches full credit report, repayment history, DPD

Internal Scorecard Engine:

- Weightage-based scoring:

    - CIBIL Score (30%)

    - Repayment History (20%)

    - FOIR/DSR (20%)

    - Employer Category (15%)

    - Stability and continuity (10%)

    - Location and residence type (5%)

Manual Underwriting (if required):

- Used for borderline cases or high-value loans

- Senior credit officer approval

Output:

- Loan is Approved / Declined / Sent for Rework

5.5 Approval & Sanction

Workflow:

- Auto approval for low-risk profiles

- Multi-level review for complex cases

- Credit Manager or Branch Manager overrides possible

System Actions:

- Generation of Sanction Letter with loan terms

- Offer validity typically for 7 days

Customer Communication:

- SMS, Email, and in-app notification

- Customer accepts terms via OTP/e-sign

5.6 Agreement Execution

Steps:

- Generation of Loan Agreement

- Execution via:
    - Physical Signature (in branch)
    - Digital Signature (e-sign via Aadhaar OTP)
- Digital storage in Document Repository

Mandate Registration:

- NACH setup through NPCI
- Mandate validation by customer via OTP

5.7 Disbursal Process

Actions:

- Final verification by operations
- Disbursal file creation and validation
- Fund transfer to customer bank account via RTGS/NEFT

Timeline:

- T+0 for pre-approved and fast track cases
- T+1 to T+2 for manual cases

Customer Communication:

- SMS, email confirmation
- Disbursal letter and EMI schedule shared

5.8 Post-Disbursal Services

- Welcome call and digital onboarding
- EMI reminders via SMS/Email
- Online access to:
    - Statement of Account
    - Pre-closure and part payment requests
    - Foreclosure letter
- Customer care escalation in case of grievances

6. Loan Closure Process

Normal Closure:

- Upon completion of EMI schedule

- NOC and Loan Closure Letter issued within 7 working days

Pre-closure:

- Applicable only after 6 EMIs

- Pre-closure charge: 3% of outstanding principal

- Payment via NEFT/DD or net banking

- Mandate deactivation post-payment

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7. Exception Handling & Rejection Management

- Auto-rejection due to eligibility mismatch

- Rejection due to credit bureau issues

- Negative area listing or employer blacklist

- Fraud suspicion forwarded to Risk & Compliance

- Application rework in case of missing documents

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8. Regulatory and Compliance Guidelines

- Adherence to RBI Fair Practices Code

- Compliance with KYC/AML norms

- Bureau reporting within 7 days of disbursal

- Consent captured for bureau pull and digital agreements

- Audit trail for all application steps

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9. Systems & Technology Stack

- Core LMS (Loan Management System)

- CRM (Customer Relationship Management)

- OCR & AI-based document verification engine

- Credit Risk Engine

- DMS (Document Management System)

- E-sign & E-mandate tools

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10. Performance Metrics & Monitoring

KPI	Description
Application to Approval TAT	Avg. time from application to sanction
Approval Rate	% of applications approved
Disbursal Rate	% of sanctioned loans disbursed
Delinquency Rate	% of overdue loans (30/60/90+ DPD)
NPS	Net Promoter Score
SLA Compliance	Adherence to service level agreements

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11. Audit & Control Measures

- Internal audit every quarter

- External compliance audit annually

- Random sampling and re-verification

- MIS reporting to Risk and Compliance teams

- Escalation matrix for operational lapses

For further information, contact:
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