ALPHA BANK Loan Process Redesign Contextual Research & Findings

Prepared by: Ibrahim Kaosarat

Date: 25-06-2025

Purpose: This document brings together insights from three key sources — **a stakeholder interview**, **research on Nigerian banks**, and **user reviews from the Specta loan app** — to understand the problems customers face when applying for loans. These findings will guide the requirements for designing a better, digital loan management system.

1. Stakeholder Interview – Mr. Elise Eke (Business Relationship Manager)

To understand the real-world process and challenges in loan application, I interviewed Mr. Elise Eke, a Relationship Manager at Sterling Bank with over five years of experience. He provided deep insight into the end-to-end loan process.

According to him, the process begins when a customer submits an application. The bank then checks the customer's credit report using their BVN (Bank Verification Number), which is linked to credit bureaus through an API. This helps assess the customer's credit history and reliability.

The bank also reviews the customer's statement of account to evaluate capacity. Generally, customers can only borrow up to 30% of their monthly income. For example, someone earning ₦700,000 can qualify for ₦2.5 million, repaid with interest over a 12-month period.

Once the initial checks are done, the customer fills out a physical loan form. The Relationship Officer manages this, then passes it to the Risk and Compliance team to perform KYC (Know Your Customer) and AML (Anti-Money Laundering) checks using third-party systems.

If everything checks out, the request is sent to the bank's headquarters for final approval. An offer letter is then issued, signed by the customer, and returned. At this point, the customer must provide a guarantor or collateral if the loan is secured — this is often where many customers drop off, due to difficulty meeting those conditions.

The average loan processing time is 1–2 weeks. The most common complaints include delays and lack of clarity during the process. Mr. Elise emphasized that a mobile-friendly digital platform could significantly reduce turnaround time and improve customer experience.

2. Research on Loan Processes in Nigerian Banks

To supplement the interview, I reviewed the loan application processes of major Nigerian banks like GTBank, Access Bank, and Zenith Bank.

Most banks offer personal and business loans that require the following:

- BVN and valid government-issued ID (e.g., NIN, voter card)

- Proof of income (such as bank statements or salary slips)

- Utility bill for address confirmation

- Guarantor details or collateral (depending on loan type)

Although some banks allow customers to start applications online, most still require physical presence at the branch or document drop-off. Credit checks are done through approved credit bureaus like CRC Credit Bureau or CreditRegistry.

Many customers complain about **slow feedback, poor communication, unclear requirements, and long delays between steps**. There is a consistent gap in real-time status tracking and transparency.

3. User Reviews from the Specta App (Sterling Bank's Digital Loan Platform)

I also analyzed recent user reviews of the Specta app — one of the most popular digital loan platforms in Nigeria, to understand user pain points.

Several users reported repeated issues with uploading documents, receiving unclear error messages, and being asked to re-enter their BVN or personal details multiple times. Despite having good repayment histories, some customers were told they couldn't set a credit limit and had to reapply from scratch.

Customer support was another major concern. Many users said they couldn't reach a live representative and only got automated responses. Others said the app wasn't user-friendly — it lacked basic features like account profiles or real-time notifications. Some feared for the safety of their information due to repeated BVN prompts.

These reviews reveal major issues with reliability, communication, and user experience all of which discourage potential borrowers.

Conclusion

Across the three sources, several patterns are clear:

- The loan application process in Nigerian banks is still largely manual and time-consuming.

- Customers are frustrated by repeated documentation, unclear communication, and long approval timelines.

- There is a need for a more reliable, transparent, and digital approach to loan processing.

- Even digital tools like Specta currently fall short in usability and support.

These findings will directly inform the design and requirements of a digital loan system that solves real-world problems and meets both customer and regulatory needs.