LOAN MANAGEMENT SYSTEM

FUNCTIONAL REQUIREMENTS DOCUMENT

STATUS REPORT

20/11/2024

# 1.0 Purpose

This document is for the purpose of verifying and updating requirements for the Loan Management System Modules Implementation.

# 2.0 Scope

Module Scope:

* Client onboarding
* Loan origination
* Credit analysis and approvals
* Finance and Disbursement
* Compliance
* Collection and recovery

# 3.0 Requirements

Requirements:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **R.ID** | ***Requirement Description*** | ***Status*** | ***Input*** | ***Resource*** |
| LMS 1.0 | **System Roles and Privileges**  The system to allow creation of various Users with specified roles and permissions e.g. Customer service/ account manager, Credit Users, Financial Managers, Loan administrators, collections manager and General super admin. | **Customization Required** | Integration of the User management module with permission sets. | Karan |
| LMS 1.1 | **System interactions**  The LMS should provide different dashboards for the various users. Secure login protocols with multi-factor authentication. | Customization Required | Multi-Factor Authentication | Karan |
| LMS 1.2 | The LMS should be equipped with system alerts for new tasks, new applications, repayment notifications and security alerts. | Customization Required | Email/SMS Integration | Karan |
| LMS 1.6 | The LMS must support Automated customer onboarding with seamless KYC verification, including ID verification, address validation, and risk assessment. | Customization Required | Integration with Population Registration Database System (IPRS) |  |

## LMS 2.0 LOAN MANAGEMENT

***Process Description:*** This process involves the complete process of evaluating, approving, and disbursing a loan. It involves gathering and reviewing borrower information, verifying creditworthiness, assessing risks, and ensuring compliance with regulations. This process includes steps such as application submission, documentation review, underwriting, and final approval before the loan is granted to the borrower.

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| --- | --- | --- | --- | --- |
| **R.ID** | **Requirement Description** | **Status** | **Input** | **Resource** |
| LMS 2.3 | The system should support portfolio risk analysis, stress testing, and scenario modeling for risk-adjusted pricing and decision-making. | Requires Customization |  | Anu |
| LMS 2.7 | **Credit Appraisal:**  The system should efficiently analyse applicant data including KYC documents, bank statements, financial statements, CRB (Credit Reference Bureau) reports, and provided securities. | Customization Required | Integration with CRB Agencies | Ram/Erick |
| LMS 2.10 | The LMS should support the Integration with field visit reports from sales agents or other representatives for a comprehensive understanding of the applicant's business operations and conditions. | Requires Customization | Creation of standardized field visit report templates within the LMS | Sample Form – Erick/Anu |
| LMS 2.11 | The system should have the ability to assess the creditworthiness of guarantors and incorporate their rating into the decision-making process. | Requires Customization | Guarantor’s Financial profiling based on guarantorship history. | Erick/Ram |
| LMS 2.12 | The system should support automated generation of recommendation notes based on the analysis conducted, providing clear insights for decision-makers. | Requires Customization | Appraisal recommendation insight notes | Gohi/Erick |
| LMS 2.15 | The LMS should have a monitoring system to ensure compliance with regulatory requirements and internal policies throughout the loan lifecycle. | Requires Customization | Policy Execution | Gohi/Erick |
| LMS 2.16 | The system should have the capability to handle loan modifications such as extensions, refinancing, or restructuring. | Requires Customization | Refinance/Restructure of Loans | Gohi/Erick |
| LMS 2.18 | The system should have a backup capability for loan data in soft and printable format. | Customization required | Data Export into various document formats e.g. excel, pdf etc. | Karan |
| LMS 2.19 | **Debt Management:**  The system should support automated scheduling and management of loan repayments including instalment schedules and reminders. | Customization required | Email & SMS notifications | Karan/Gohi |
| LMS 2.20 | The LMS should support real-time monitoring of borrower accounts to identify delinquencies or defaults. | Customization required | Loan accounts history and status |  |
| LMS 2.21 | The system should support accurate calculation of interest and penalties on outstanding loan amounts. | Customization Required | Interest/Penalty calculation | Karan/Gohi |
| LMS 2.22 | The system should support handling of grace periods for late payments and associated penalties. | Customization Required | Grace Period | Gohi |
| LMS 2.26 | The LMS should support An algorithm and a tabular format to capture and weight the specified data areas for credit analysis.      If the total score is 67 or above, the applicant qualifies for loan consideration and should be subjected to further approval based on the laid down delegated authority matrix. | Available – Requires customization | Loan Appraisal Report design | Ram/Erick |
| LMS 2.28 | **Financial Accounting and Reporting**:  The LMS should support a seamless integration with accounting systems for accurate financial reporting, ledger reconciliation, and regulatory compliance. | Customization Required. | Financial Reports Design |  |
| LMS 2.29 | The SMS should support the customization of financial statements, cash flow projections, and profitability analysis for loan portfolios and individual accounts | Customization required | Financial Reports Design |  |
| LMS 2.30 | The system should support Efficient loan disbursement processes via multiple payment channels (ACH, mobile wallets, bank transfers, etc.), with real-time disbursement tracking and confirmation. | Customization Required | B2C Integration |  |
| LMS 2.31 | The LMS should have the ability to support automated loan servicing functionalities, including repayment scheduling, installment management, interest calculations, and penalty assessments. | Customization required | Loan servicing automation |  |
| LMS 2.32 | **Compliance, Security, and Governance:**  The LMS should support compliance monitoring and reporting tools for adherence to regulatory guidelines, licensing requirements, and anti-money laundering (AML) laws.Internal controls and governance frameworks for risk management, audit trail management, and segregation of duties. | Customization required | Anti Money Laundering control, Audit Trails, Role Segregation and User Controls |  |
| LMS 2.33 | The system should support a robust data security measures, including encryption, access controls, audit trails, and data privacy protections (GDPR, CCPA, etc.). | Customization required | Access Control, Encryption of data. |  |
| LMS 2.34 | The system should provide the compliance team features to check:   * + process fulfillment   + Document completeness   + Checking Loan agreement execution | Customization Required | Workflow Management, Task Status Tracking, Automated Reminders and Alerts and a document checklist. |  |