Loan Risk & Monitoring Policy

1. Objective

This policy establishes the framework for identifying, monitoring, and managing risks associated with delayed loan repayments. It provides guidance on how different types of loans should be treated when repayment delays occur.

2. Home Loans / Mortgage Loans

If a customer falls behind on a few installments, it is considered an early warning sign. Missing one installment may not be serious, but when the borrower is unable to pay for several consecutive months, the loan gradually moves into the risk category. When the number of missed installments increases further, the account is treated as high risk and must be escalated to the recovery or legal team.

3. Personal Loans

Personal loans are unsecured in nature and hence are more sensitive to repayment delays. If the borrower delays one installment, the situation can still be managed with reminders. However, repeated delays in paying installments indicate growing financial stress. Once the borrower consistently misses multiple installments, the loan is regarded as risky, and stronger action such as reporting to the credit bureau or initiating recovery is taken.

4. Business Loans

For business loans, repayment delays may sometimes occur due to short-term cash flow challenges. A slight delay is generally manageable through reminders and discussions with the borrower’s finance team. However, if the borrower continues to miss several scheduled payments or delays extend over multiple months, the loan is considered at risk. At this stage, the lender must suspend further disbursements and initiate recovery discussions.

5. Vehicle Loans

In the case of vehicle loans, early delays can be managed with reminders. If the borrower continues to miss more installments, it signals rising risk. Once the loan becomes irregular for a prolonged period, the lender may consider the account as risky and initiate repossession proceedings if required.

6. Education Loans

Education loans are treated with some flexibility since students may face financial hardships. Occasional missed payments are generally managed with reminders and counseling. However, repeated delays indicate that the account is slipping into risk. Once the pattern continues over multiple installments, the loan must be flagged as high risk and reported as per regulatory guidelines.

7. Escalation and Monitoring

Loans with occasional delays are handled by the customer service and relationship management team. Loans with repeated delays are monitored by the credit risk and monitoring team. Loans with serious and prolonged delays are transferred to the recovery and legal team for further action.