**Personal Loan Origination and Servicing**

1. Pre-Qualification Process

* **Submission of Required Documents**: The borrower submits documents such as ID proof, address proof, current employment information, salary slip, credit score, bank statement, and previous loan statement to the lender.
* **Pre-Approval**: The lender reviews the documents and provides a pre-approval, allowing the borrower to proceed with the loan application.

2. Loan Application

* **Online or Paper-Based Application**: The borrower completes the loan application, which can be done online through the lender's website or mobile app, or through a paper-based form.
* **Application Review**: The application is reviewed for accuracy and completeness by the credit department.

3. Application Processing

* **LOS (Loan Origination System)**: The lender uses a LOS to review the application. The LOS helps in identifying missing fields and notifies the borrower to complete the application.
* **Exception Processing**: Depending on the organization and product, exception processing might be involved to handle any discrepancies.

4. Underwriting Process

* **Credit Evaluation**: The lender evaluates the loan application based on criteria such as credit score, risk score, debt-to-income ratio, and repayment capacity.
* **Automated Underwriting**: Some lenders use automated underwriting with business rules engines and API integrations to streamline the process.

5. Credit Decision

* **Approval or Decline**: Based on the underwriting process, the loan application is approved, declined, or sent back to the originator for additional information.
* **Automation**: The credit decision can be automated using rules engines to predict outcomes and implement changes without coding.

6. Quality Check

* **Regulatory Compliance**: The loan application is sent to the quality control queue for auditing to ensure compliance with internal and external rules and regulations.

7. Loan Disbursal

* **Funding**: Once the loan is approved, the funds are disbursed to the borrower.

Benefits for Lenders

* **Efficiency**: LOS and no-code platforms improve efficiency by automating verification and credit score checks, leading to faster decision-making.
* **Cost Reduction**: No-code platforms reduce the need for expensive technical expertise, allowing lenders to build applications with minimal technical knowledge.

Benefits for Borrowers

* **Convenience**: Online applications provide convenience and accessibility, allowing borrowers to submit documents electronically and receive decisions quickly.
* **Transparency**: The process is transparent, helping build trust between the borrower and the lender.

**Data Points**

* **Origination Volumes**: Personal loan origination volumes rose 22.3% year-on-year during the festive season in October-December 2023.
* **Loan Origination Value**: The loan origination value rose 13% year-on-year to Rs 2.3 trillion as of December 31, 2023.
* **Average Ticket Size**: The average ticket size of personal loans fell 8% year-on-year to Rs 68,400 in the December quarter.
* **Market Share**: Public sector banks hold a market share of 37.4% in terms of originations value, while non-banking financial companies (NBFCs) hold a nearly 71% market share in terms of volume.
* **Number of Borrowers**: Nearly 23 million Americans have unsecured personal loans, with an average balance of about $11,500.
* **Average Interest Rate**: The average interest rate on a personal loan is 11.48%, up from 9.38% in 2021.
* **Total Debt**: Total unsecured personal loan balances reached $245 billion in the fourth quarter of 2023, up 10.5% from the same time in 2022.
* **Delinquency Rates**: Personal loan delinquency rates are at 3.9% as of the fourth quarter of 2023.

**Auto Loan Origination and Servicing**

1. Pre-Qualification Process

* **Submission of Required Documents**: The borrower submits documents such as ID proof, address proof, current employment information, salary slip, credit score, bank statement, and previous loan statement to the lender.
* **Pre-Approval**: The lender reviews the documents and provides a pre-approval, allowing the borrower to proceed with the loan application.

2. Loan Application

* **Online or Paper-Based Application**: The borrower completes the loan application, which can be done online through the lender's website or mobile app, or through a paper-based form.
* **Application Review**: The application is reviewed for accuracy and completeness by the credit department.

3. Application Processing

* **LOS (Loan Origination System)**: The lender uses a LOS to review the application. The LOS helps in identifying missing fields and notifies the borrower to complete the application.
* **Exception Processing**: Depending on the organization and product, exception processing might be involved to handle any discrepancies.

4. Underwriting Process

* **Credit Evaluation**: The lender evaluates the loan application based on criteria such as credit score, risk score, debt-to-income ratio, and repayment capacity.
* **Automated Underwriting**: Some lenders use automated underwriting with business rules engines and API integrations to streamline the process.

5. Credit Decision

* **Approval or Decline**: Based on the underwriting process, the loan application is approved, declined, or sent back to the originator for additional information.
* **Automation**: The credit decision can be automated using rules engines to predict outcomes and implement changes without coding.

6. Quality Check

* **Regulatory Compliance**: The loan application is sent to the quality control queue for auditing to ensure compliance with internal and external rules and regulations.

7. Loan Disbursal

* **Funding**: Once the loan is approved, the funds are disbursed to the borrower.

Benefits for Lenders

* **Efficiency**: LOS and no-code platforms improve efficiency by automating verification and credit score checks, leading to faster decision-making.
* **Cost Reduction**: No-code platforms reduce the need for expensive technical expertise, allowing lenders to build applications with minimal technical knowledge.

Benefits for Borrowers

* **Convenience**: Online applications provide convenience and accessibility, allowing borrowers to submit documents electronically and receive decisions quickly.
* **Transparency**: The process is transparent, helping build trust between the borrower and the lender.

**Data Points**

* **Origination Volumes**: The origination value of auto loans rose 9% to Rs 88,600 crore as of December 31, 2023.
* **Average Ticket Size**: The average ticket size of auto loans rose to Rs 8.1 lakh in the December quarter from Rs 7.3 lakh a year ago.
* **Regional Trends**: Two-wheeler loan originations surged 25% in rural areas, 21% in semi-urban areas, and 14% in urban geographies.

**Mortgage Loan Origination and Servicing**

1. Pre-Qualification Process

* **Submission of Required Documents**: The borrower submits documents such as ID proof, address proof, current employment information, salary slip, credit score, bank statement, and previous loan statement to the lender.
* **Pre-Approval**: The lender reviews the documents and provides a pre-approval, allowing the borrower to proceed with the loan application.

2. Loan Application

* **Online or Paper-Based Application**: The borrower completes the loan application, which can be done online through the lender's website or mobile app, or through a paper-based form.
* **Application Review**: The application is reviewed for accuracy and completeness by the credit department.

3. Application Processing

* **LOS (Loan Origination System)**: The lender uses a LOS to review the application. The LOS helps in identifying missing fields and notifies the borrower to complete the application.
* **Exception Processing**: Depending on the organization and product, exception processing might be involved to handle any discrepancies.

4. Underwriting Process

* **Credit Evaluation**: The lender evaluates the loan application based on criteria such as credit score, risk score, debt-to-income ratio, and repayment capacity.
* **Automated Underwriting**: Some lenders use automated underwriting with business rules engines and API integrations to streamline the process.

5. Credit Decision

* **Approval or Decline**: Based on the underwriting process, the loan application is approved, declined, or sent back to the originator for additional information.
* **Automation**: The credit decision can be automated using rules engines to predict outcomes and implement changes without coding.

6. Quality Check

* **Regulatory Compliance**: The loan application is sent to the quality control queue for auditing to ensure compliance with internal and external rules and regulations.

7. Loan Disbursal

* **Funding**: Once the loan is approved, the funds are disbursed to the borrower.

Benefits for Lenders

* **Efficiency**: LOS and no-code platforms improve efficiency by automating verification and credit score checks, leading to faster decision-making.
* **Cost Reduction**: No-code platforms reduce the need for expensive technical expertise, allowing lenders to build applications with minimal technical knowledge.

Benefits for Borrowers

* **Convenience**: Online applications provide convenience and accessibility, allowing borrowers to submit documents electronically and receive decisions quickly.
* **Transparency**: The process is transparent, helping build trust between the borrower and the lender.

**Data Point**

**Origination Volumes**: Home loan origination value rose nearly 9% year-on-year to Rs 2.5 trillion as of December 31, 2023.