

NEW STREET TECH

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Product Requirement Document

LOAN RENEWAL

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PRODUCT DETAILS

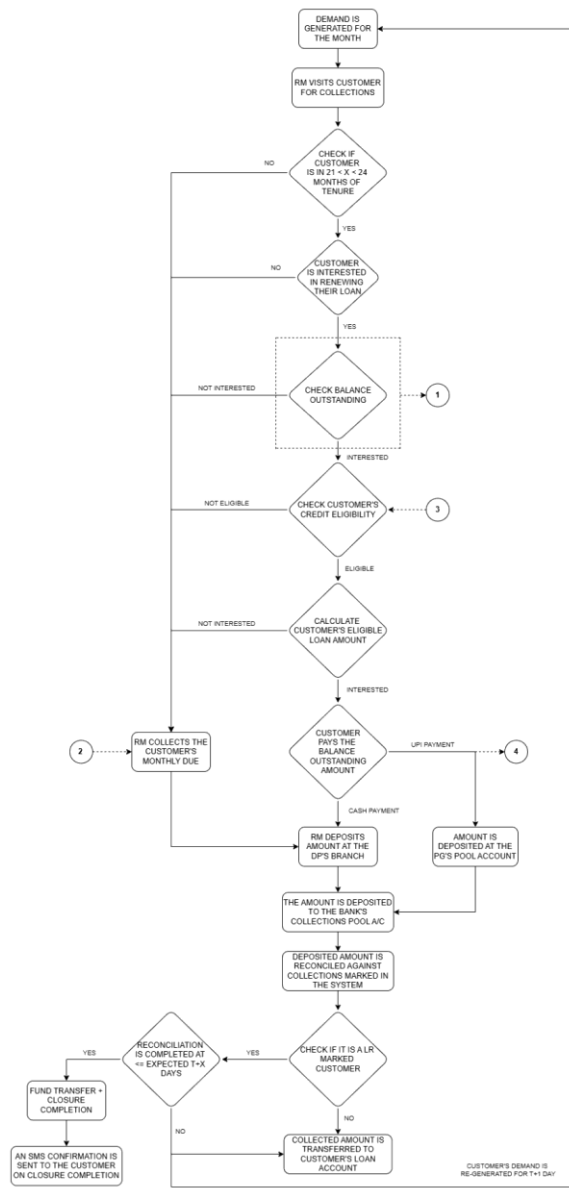
- Minimum and maximum age of borrower and co-borrower : 18-58 years old
- Maximum household income : INR 3,00,000
- Minimum and maximum loan amount : INR 26,000 - INR 70,000
- Max tenure : 24 months
- Rate of interest : 26%
- Applicable fees : processing fee (2% of loan amount) + GST
- Minimum and maximum group member count : 4-10 members

ELIGIBILITY CRITERIA

- Current loan's tenure should be between 21-23 months
- Should be regular payment customers with DPD \leq 15
- Should be credit worthy

PROCESS DESCRIPTION

LOAN RENEWAL INITIATION FLOW



IN COLLECTIONS APPLICATION

1. LOAN RENEWAL ELIGIBLE CUSTOMER IDENTIFICATION

- Customers whose current loan's tenure is between 22-23 months and have less than 15 days DPD will be identified and highlighted by the system as eligible for renewal of their loan.
 - The tenure and DPD count value will be configurable as required.

2. LOAN RENEWAL DAILY PLANNING (OPTIONAL)

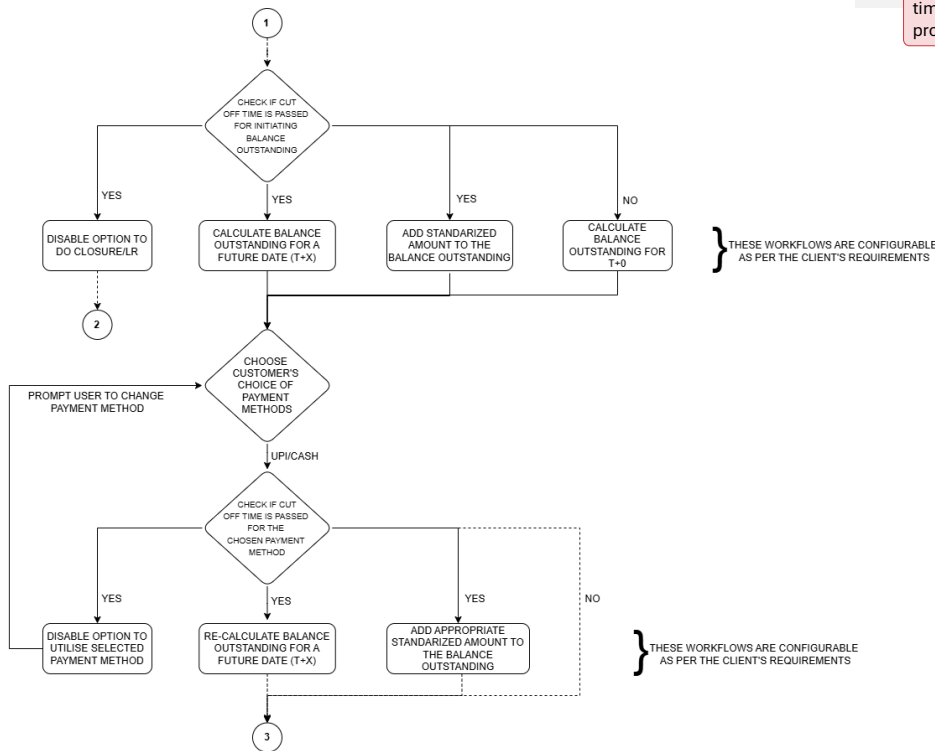
- The Delivery Partner's (DP) Relationship Manager (RM) will plan for their loan renewal visits on a daily basis.
- For this purpose, the RM will have the option to check the customer's balance outstanding for a future date – to do this, the user will be able to select the date that the customer visit is planned for and inform the customer of the amount to be collected through SMS, WhatsApp, call or any other means of communication enabled in the system.
 - These options will be configurable as required.

2.1. BALANCE OUTSTANDING CALCULATION

- The RM will choose the date for which the balance outstanding needs to be calculated (the system will ensure that backdating is not possible). For the selected date, the balance outstanding of the customer's existing loan account will be fetched from the CBS.

3. CREDIT ELIGIBILITY CHECK; LOAN ELIGIBILITY CHECK; AND BALANCE OUTSTANDING COLLECTION

Commented [AP1]: The cut-off time is completely dependent on the settlement at the bank level. The cut-off time can be configured by the client's admin during product configuration



- For customers marked eligible for loan renewal, the balance outstanding of their existing loan will be fetched from the CBS as on current date – for this, the user must navigate by selecting the “check loan renewal eligibility” option.
- The balance outstanding amount can be calculated in the following ways – should be configurable as required.

Note : the RM will first be guided to view the balance outstanding as per the time of request and then will be guided to opt the customer's choice of payment options.

- Based on Time of Request

- Disable the option** : the option to initiate loan renewal will not be available post the cut-off time. The cut-off time can be configured as required.
 - Future dating** : the balance outstanding will be future dated to T+X days if initiated post the cut-off time. The cut-off time can be configured as required.

Note – The X days will be dynamically calculated based on the calendar utilized by the client and product. For example, if the request is initiated on Friday after 5PM and Saturday is a bank holiday, the X's value will be 3 since settlement can only happen on Monday.

- **Standardized value** : a fixed amount will be added to the balance outstanding fetched from the CBS based on the time of request (dependent on cut-off time and calendar) and this is the amount that will be displayed to the RM. The fixed amount will be configured as required by the admin of the client.

- Based on Payment Mode – payment options can be configured as required.

Note : the payment mode will go hand-in-hand with the time of request

- **Cash** : if the user opts for cash payment, then the balance outstanding will be calculated based on the calendar and cut-off time set for cash
- **UPI** : if the user opts for UPI payment (QR code; Pay by UPI link (SMS/WhatsApp), then the balance outstanding will be calculated based on the calendar and cut-off time set for UPI.

Note – The cut-off time should be individually configurable for cash and UPI payment options.

- The balance outstanding amount will be displayed to the user to communicate to the customer.

- If the customer is interested in proceeding further, the RM will initiate their credit check.

- For the purposes of credit check, the required details will be fetched from system and the same will be passed to the relevant credit bureau to fetch the customer's credit details.

- In case the system does not have the required details for credit check available, the customer's Aadhaar and minimum required details are captured by the RM to trigger dedupe and credit check.

- For this purpose, the RM will first complete the customer's e-KYC check and then proceed to capture the following details

- Father's name
- Mother's name
- Marital status + Spouse's name (if applicable)
- Customer's number

- The mobile number will be OTP validated which will also capture the consent from the customer to initiate the credit check on their behalf.

- Customer's current address

Commented [AP2]: This value can be configured in 2 ways

- 1.Flat-out value - add a fixed value to the balance o/s every time
- 2.Personalised formula - create a logic of your own; for example - for every T+2, collect Rs. 50 extra

Commented [AP3]: Capture customer consent to do credit check

- Secondary KYC (dropdown + image capture [OCR + verification])
 - A dropdown values will provide the available choices of approved secondary KYC.
 - Once the type of KYC is selected, the RM will capture 2 images of the KYC (front and back) and depending on what type of KYC is selected, the KYC details will be extracted via OCR and these details will then be passed to verify the captured KYC against the customer.
 - If verified, then customer can proceed further; else, reject the customer with the appropriate error message.
 - Once the basic details of the customer is captured and verified, a dedupe check will be initiated based on the entered Aadhaar number. The CIF ID provided as the response of the dedupe API will be matched against the available CIF ID of the customer for whom the check was initiated for.
 - If the CIF IDs do NOT match, then the system will display an error to the user requesting them to enter the correct details of the customer.
 - Second, if the CIF IDs match, then the all the details captured by the RM along with the Aadhaar details fetched will be used to fetch the customer's credit details. The system will check if the customer is credit eligible.
 - If the customer is credit eligible, then their eligible loan amount is calculated.
 - The eligible loan amount will be displayed to the user to communicate to the customer.
 - If the customer is interested in proceeding with the eligible loan amount, then the calculated outstanding balance will be collected by the RM.
 - The balance outstanding will be auto populated and the RM will be able to collect the amount using the
 - UPI option - QR code; Pay by UPI Link (SMS or WhatsApp) will be available for the customer
 - Cash option
- Note – the option will be auto-selected based on the previous selection during the balance outstanding calculation. The RM will be able to change this selection at this stage and the amount to collect will be updated according the choice of payment method selected, calendar and cut-off time (as per the previously discussed balance outstanding calculation)

- Once the amount is paid by the customer and the payment is marked in the system, the customer will be shared a digital payment receipt (shared through SMS, WhatsApp or any other methods of communications active). This receipt will serve as proof of payment for any future references.
 - This receipt will be available

Commented [AP4]: Future scope. Currently a physical copy of the payment receipt is captured as an image

Credit conditions :

Sl. No	LATEST CRE CONDITION	RULE INTERPRETATION
1	Active DPD as per Loan policy both in Advance overlap(0) and Base report(30), is present in the last reported month, if last reported month is xxx, the same should be backtracked and check should be done with just previous month (except gold loans)	For MFI loans, if DPD > 0 days in the last reported month, then customer will be rejected (except gold loans)
		For consumer (retail) loans, if DPD > 30 days in the last reported month, then customer will be rejected (except gold loans)
2	Total other MFIs allowed present in report is more than 3 in case of active loans.	If the customer has active microfinance loans from more than 4 MFIs, including the Federal Bank loan currently being availed, then the prospect is rejected
3	Total Indebtedness should not cross more than set limit of 2,00,000/- including proposed loan with the bank (MFI Advance overlap only inclusive of SHG)	For all active microfinance loans, if the customer's outstanding loan amount is > 2,00,000, including the Federal Bank loan currently being availed, then the prospect is rejected
4	Any instance of Written off cases, NPA, Settled down cases.	If the customer has any loans with "written off", "NPA" or "settled down" status, then customer will be rejected
5	Any loans having, SUB, DBT, LOS (except gold loans)	If the customer has any loans with "SUB", "DBT" or "LOS" status, then customer will be rejected (except gold loans)
6	Any loans with Written off amount present or Side heading as Written off, settled, post settled written off.	Within the credit report, if the customer has any loans with "written off amount", or side heading with "written off", "settled", "post settled written off" status, then customer will be rejected
7	If the overdue amount is greater than 0 for MFI or 1 EMI for consumer loans, then the customer is rejected (provided EMI amount is available from the CB report)	For MFI loans, if the overdue amount is greater than 0, then the customer is rejected (except gold loans)
		For consumer loans, if the overdue amount is greater the EMI amount of 1 month, then the customer is rejected (except gold loans)
8	If status is mentioned as "Suit Filed Status/Suit Filed" (except gold loans)	If the customer has any loans with "suit filed status" or "suit filed" status, then customer will be rejected (except gold loans)
9	If any write-off amount is present in the Total Writeoff Amt column, settlement amount column.	Within the credit report, if the customer has any loans with a written off amount within the "total

		writeoff amt” or “settlement amount” column, then the customer is rejected
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Eligible loan amount calculation

Range	Loan Amount	Interest %	Loan Tenure	EMI Amount	Principal Amount	Interest Amount	Eligible Loan Products
1.7L < X <= 1.74L	26,000	26	24	1,401	26,000	7,618	26,000;
1.65L < X <= 1.7L	30,000	26	24	1,616	30,000	8,790	30,000; 26,000;
1.6L < X <= 1.65L	35,000	26	24	1,886	35,000	10,255	35,000; 30,000; 26,000;
1.55L < X <= 1.60L	40,000	26	24	2,155	40,000	11,720	40,000; 35,000; 30,000; 26,000;
1.5L < X <= 1.55L	45,000	26	24	2,424	45,000	13,185	45,000; 40,000; 35,000; 30,000; 26,000;
1.45L < X <= 1.5L	50,000	26	24	2,694	50,000	14,649	50,000; 45,000; 40,000; 35,000; 30,000; 26,000;
1.4L < X <= 1.45L	55,000	26	24	2,970	55,000	16,280	55,000; 50,000; 45,000; 40,000; 35,000; 30,000; 26,000;
1.35L < X <= 1.4L	60,000	26	24	3,240	60,000	17,760	60,000; 55,000; 50,000; 45,000; 40,000; 35,000; 30,000; 26,000;
1.3L < X <= 1.35L	65,000	26	24	3,510	65,000	19,240	65,000; 60,000; 55,000; 50,000; 45,000; 40,000; 35,000; 30,000; 26,000;
0 < X <= 1.3L	70,000	26	24	3,780	70,000	20,720	70,000; 65,000; 60,000; 55,000; 50,000; 45,000; 40,000; 35,000; 30,000; 26,000;

4. LEADS MARKING AND LISTING

- As soon as the RM collects the outstanding balance from the customer, they will be marked interested for loan renewal and be available as leads in the LOS application.

5. SETTLEMENT

5.1. UPI PAYMENT

5.1.1. TRANSFER TO PG POOL ACCOUNT

- The amount paid by the customer using UPI (QR code; Pay by UPI link) will be deposited into the registered PG's pool account.

5.1.2. TRANSFER TO COLLECTIONS POOL ACCOUNT

- The amount in the PG pool account will be settled into the collection pool account of each bank depending on the origin customer.

5.2. CASH PAYMENT

5.2.1. DEPOSIT TO DELIVERY PARTNER'S OFFICE BRANCH

- The cash collected from the customer will be deposited by the RM at the DP's branch.
- The DP's Branch Manager will reconcile the amount deposited against the cash collected from customers.
- Once the BM marks the deposit in the system, a digital receipt will be shared to the RM. This receipt will be available for future reference.

5.2.2. DEPOSIT TO COLLECTIONS POOL ACCOUNT

- The BM will deposit the collected amount at the relevant bank's collection pool account.
- The deposit slip received from the bank is required to be uploaded as proof of deposit.

6. RECONCILIATION

- Once the amount is deposited to the collections pool account, the reconciliation module will take over.
- The reconciliation module will tag each deposit in the collection pool account against the collections marked in the system.
- If reconciled, the related amount will be transferred to the appropriate customer's loan account.

Commented [AP5]: Currently the reconciliation is completed manually. In the future, the UPI reconciliation will be done automatically.

7. FUND TRANSFER AND CLOSURE COMPLETION

- Once marked reconciled, for all the loan renewal/closure marked customers, the system will first check if the reconciliation was completed on the expected T+X days of collections.
- If yes, the following APIs will be triggered in sequence.
 - **Intra-bank Fund Transfer API** : To transfer the customer's paid amount to their loan accounts. The complete amount required for closure will be transferred in this case.
 - **HLADGEN API** : To apply the interest in the CBS and initiate the demand satisfaction sequence in Finacle.
 - **CAACLA API** : To complete the closure of the customer's loan accounts.
- If no, then the collected amount is transferred to the customer's loan account and the customer is rescheduled to the next day for collecting the remaining balance. Before rescheduling, the customer's balance o/s will be calculated for the next day

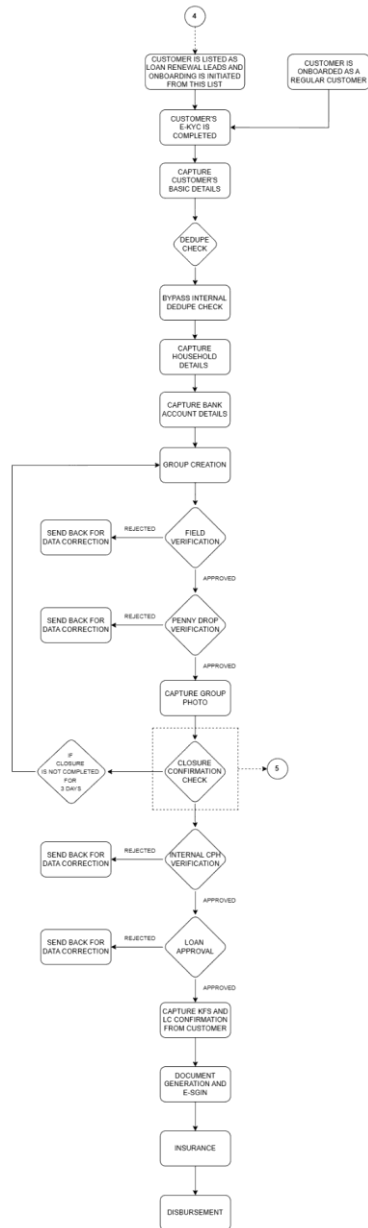
by calling the Closure Enquiry API. This amount will be displayed as the demand for the customer.

8. SMS CONFIRMATION OF LOAN CLOSURE

- Once the customer's account is closed and the confirmation is received through the API, an SMS will be shared with the customer informing them of the successful loan account closure. For this purpose, the SMS gateway of Federal Bank will be utilized.

IN ONBOARDING APPLICATION

LOAN RENEWAL FLOW - IN LOS



1. ONBOARDING LEADS

- All the customers who were eligible for loan renewal and amount was collected will be listed in the Leads bucket.
- Since the customer's e-KYC and all other major details were already captured during the loan renewal initiation, the RM must only capture the remaining L1 details to complete the onboarding process.
- Details to be captured are
 - Current address proof (dropdown + image)
 - Nature of Residence + Ownership proof (if applicable) (dropdown + image)
 - Alternate mobile number(s)
 - Religion
 - Educational Qualification

2. HOUSEHOLD DETAILS CAPTURE

- Since these are already credit approved prospects, credit check will NOT be triggered again. The RM will move on to capturing the basic details of the prospect's household members along with the prospect's income, assets, expenses, and liability details.

3. BANK ACCOUNT DETAILS CAPTURE

- Once the prospect's household details are captured, the bank account details of the prospect will be captured by the RM. This account will be used to disburse the loan amount.

4. JOINT LIABILITY GROUP (JLG) FORMATION

- RM will facilitate group formation as per the criteria for all credit approved prospects on MiFiX. Each group will be assigned a unique Group ID and name on MiFiX. The group can be a mixture of new and renewal prospects.

5. FIELD VERIFICATION

- All the captured details of the prospect and their household members after the group is created will be verified by an independent team.

Field Verification: The DP Contact Point Verification Executive (**CPVE**) will verify the data captured by the RM and where required include a field visit to do a "Checker" verification of the same data.

6. PENNY DROP VALIDATION

- Once the prospect data is verified by the field verification team, a penny drop check will be initiated automatically from MiFIX for all the prospects.
- This validation will check for the account validity, account activeness, and do an internal name match to ensure that no malpractice takes place.

7. GROUP PHOTO CAPTURE

- Once the penny drop verification is completed, all groups will be listed for capturing the group's photo and scheduling their collection due cycle.

8. LOAN CLOSURE CONFIRMATION CHECK

- Before the group is sent to the CPH for verification, the closure status is checked for all the loan renewal prospects by checking their existing loan account's balance outstanding. If the balance outstanding is greater than or equal to 0, then the group is moved for CPH verification. If not, then appropriate prospect is marked "Closure Pending". The closure status will be checked every 3 hours by the system.
 - For accounts with balance outstanding greater than 0, the excess balance flow will be followed.
- If the group is stuck due to Closure Pending for > 3 days, then system will check if the group criteria is met if the loan renewal customers are removed.
 - If yes, then the group will proceed further and the renewal customers will be rolled back to the FO. These customers can be used for group creation again.
 - If no, then the group is dismantled and all the customers will be rolled back to the FO. These customers can be used for group creation again.

Note : refer to SCENARIOS (1) for positive balance in the customer's loan account and how to handle it.

9. INTERNAL CPH VERIFICATION

- The internal CPH team is an independent team which acts as a final verification team to ensure only quality customers are processed for loan approval. This team will verify all the customer details that were captured and verified by the field team as a final review.

10. LOAN APPROVAL

- All the audited groups will go through the loan approval process (manual/auto). The lender acts as the decision maker for approving loans for eligible groups. Only the approved groups will proceed for disbursal and receive the loan amounts.

11. KEY FACT STATEMENT AND LOAN CARD CONFIRMATION

- As soon as the group's loan is approved, each customer will be sent an SMS with their KFS and LC documents. An OTP confirmation must be taken from the customer to confirm their agreement to the terms and conditions of the loan.

12. PROSPECT DOCUMENTATION AND E-SIGNING

- For all the groups that have completed their KFS confirmation, the e-signing process can be initiated. This includes generating the loan documents and conducting an e-signing process to capture the Aadhaar-based or OTP based digital signature of all the prospects.

13. INSURANCE

- Once the loan documentation formalities are completed, the CEC team will move on to capturing the prospect's consent for the insurance that is tied to the loan product along with capturing the required details of the nominee and co-applicant. The insurance premium will be auto debited from the prospect's loan amount during the disbursement process.

14. LOAN DISBURSEMENT

- Once the insurance process is completed, the loan disbursement process will get triggered automatically to ensure that all the customers receive their loan amount instantly.

POST DISBURSEMENT PROCESS

1. FOLLOW UP MEETING

- The RM follows up within the scheduled timeframe to ascertain the appropriate use of funds. During this meeting, the RM will capture the necessary details and fill the details in the LUC document.

2. COLLECTIONS

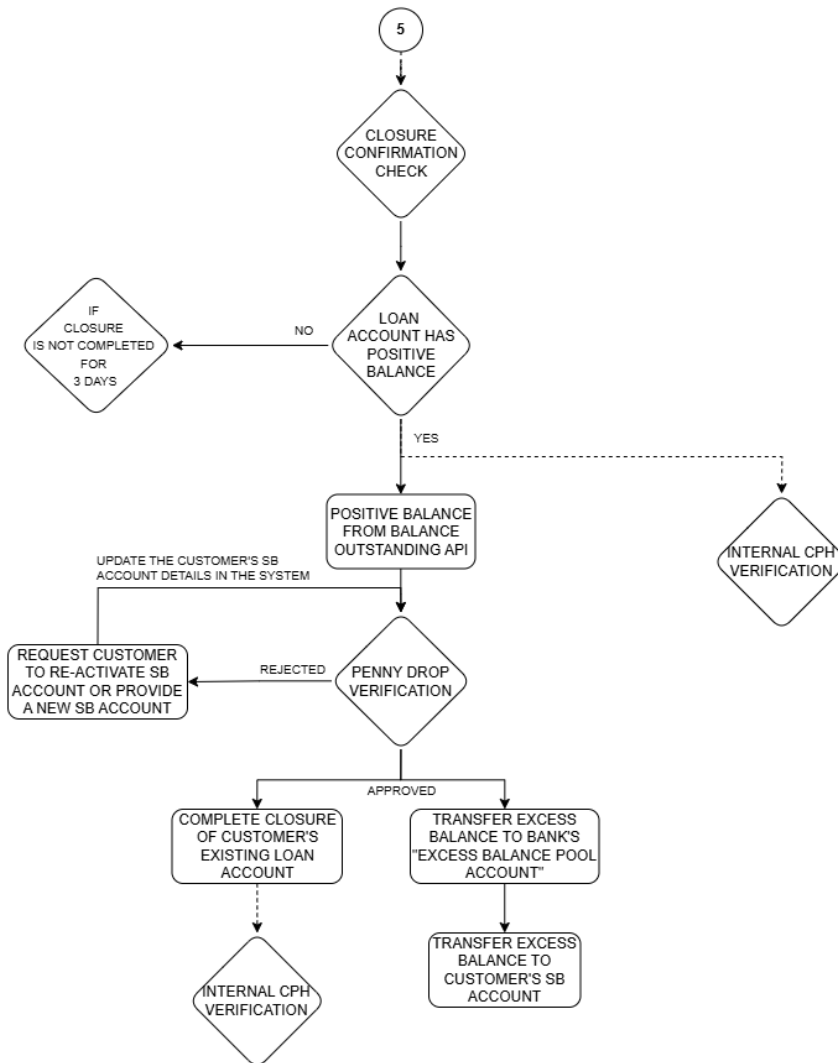
- The collection is done by the RM at the designated place and time of the group meeting and posting is done in the collection module of MiFiX. The customer will have the ability to post current month's EMI amount, deposit any pending DPD amount and advance payment on the monthly EMI. The MiFiX collection application is configured for both, cash handover and UPI payment methods. Each transaction

is marked in the MiFiX collection application and is reconciled before the amount is deposited into the customer's loan account.

SCENARIOS (WRT FEDERAL BANK APIs)

1. CLOSURE OF LOAN ACCOUNTS WITH POSITIVE BALANCE

EXCESS BALANCE FLOW



- Accounts with excess balance will be identified when the balance outstanding is provided as a negative value.
 - This excess amount needs to be transferred to the customer's SB account before their existing loan account can be closed.
- To initiate closure of loan accounts with positive balance, the following steps need to be taken
 - Initiate a penny drop check to customer's available SB account
 - If penny drop is successful, transfer the excess balance identified to the "excess balance pool account" provided by the bank.
 - This account should be configurable

Note : with Federal Bank, the closure API (attached below) will be used for transferring the excess balance to the pool account and close the customer's loan account parallelly. This process can differ from bank to bank.

[Loan Closure API Spec](#)

- If penny drop is NOT successful, then an intimation to the customer to activate their existing account or provide a different account should be sent by SMS, WhatsApp or any other communication channels available – the communication channel available should be configurable
 - The customer must be able to reply to the original communication once the activation is completed or provide the updated account details as a reply.
 - This response must be consumed and the penny drop check must be initiated again for the customer
- From the excess balance pool account, the extra amount must be transferred to the customer's SB account.

2. HLADGEN FAILURE

2.1. ACCOUNT HAS PARTITIONED AMOUNT

- Automatically re-trigger the HLADGEN API in T+1 days of the initial trigger.

2.2. HLADGEN BATCH PROGRAM FAILED

- Automatically re-trigger the HLADGEN API

3. CAACLA FAILURE

3.1. ACCOUNT FROZEN

- Each day, the list of accounts marked frozen must be shared to the relevant stakeholders (both Bank and NST) as an email in an excel file.
 - The stakeholders must be configurable.

- The reply with the resolution confirmation needs to be consumed and the CAACLA API needs be triggered for each account.