

NEW STREET TECH

Your fast track to the future

STANDARD OPERATING PROCEDURE

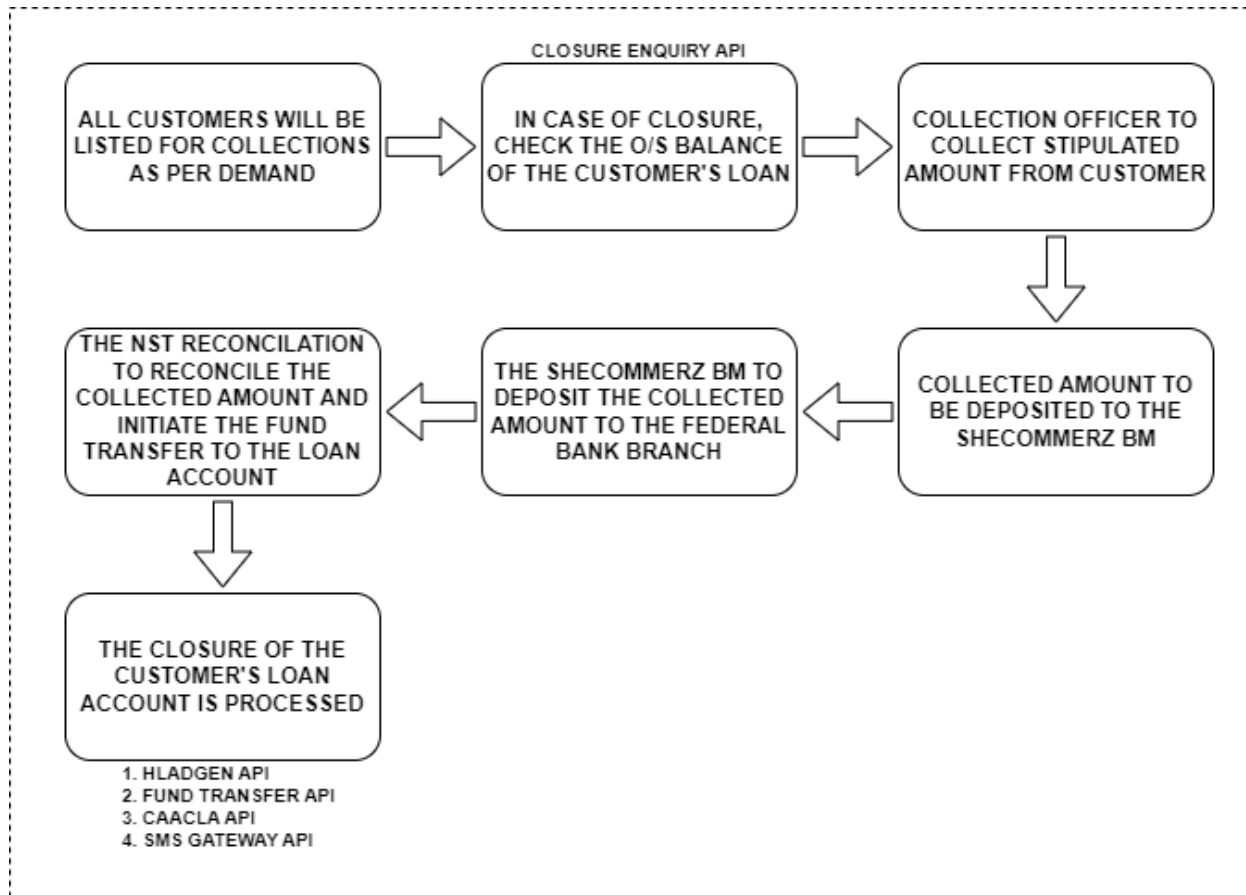
LOAN CLOSURE

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LOAN CLOSURE

PROCESS FLOW



PROCESS DESCRIPTION

1. Demand Upload

The demand will be uploaded at the beginning of every month based on the data provided by the Federal Bank team. This demand will maintain the amount that needs to be collected for all customers for that month.

2. Customer Visit and Collection

The Collection Officer (CO) will visit the customer at their home to collect the money for that month. If the customer's loan tenure is

- Between 1-23 months, then the customer can choose to pre-close their loan account.
- Greater than 23 months, then the CO will prompt the customer to mandatorily complete their regular loan account closure.

In case the loan account needs to be closed, the CO will initiate the process by checking the customer's total loan outstanding balance (*closure enquiry API*). This amount will be

collected from the customer and the customer will be given a receipt for the same; which in turn will be captured and recorded in the MiFiX application as proof of transaction.

The field team will be instructed to ensure that all closure initiation is completed by noon. This is to ensure that all the closure process is completed on T+0.

3. *SheCommerz BM Deposit*

The CO will visit the SheCommerz CEC and deposit the collection amount to the Branch Manager (BM). The CO will be provided with a receipt to mark the deposit.

4. *Federal Bank Deposit*

The SheCommerz BM will visit the Federal Bank branch and deposit the collection amount to the collections pool account. The BM will be provided with a deposit slip from the bank branch; which in turn will be captured and recorded in the MiFiX application as proof of deposit.

5. *Reconciliation and Closure Initiation*

Once the money is deposited at the bank branch, the NST reconciliation team will ensure that the appropriate amount has been deposited to the pool account. If verified and confirmed, the closure for the marked loan accounts will be initiated in the form of an API trigger.

Reconciliation to be completed everyday to ensure T+0 format is followed.

6. *Loan Account Closure*

On completing the reconciliation process, the following APIs will be triggered in sequence.

- HLADGEN API : To apply the interest in the CBS and initiate the demand satisfaction sequence in Finacle.
- 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.
- CAACLA API : To complete the closure of the customer's loan accounts.

7. *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.

EXCEPTION SCENARIOS

1. *Fund Transfer and Closure is NOT Triggered on T+0*

- If the reconciliation of the closure account is NOT completed on the same day as the closure initiation (T+0), then the HLADGEN, CAACLA and SMS Gateway APIs will NOT be triggered to ensure that the customer's account is not marked as overdue.
- In this case, once the reconciliation is completed, the fund transfer will be initiated to transfer the collected amount to the loan account of the customer.

- Additionally, the CO will be mandated to re-visit the customer to re-initiate the closure of the customer's account in this case. The CO will collect the remaining amount from the customer based to do the same.
- All closure marked customers can be identified from the Collections Tracker report. The complete lifecycle, from closure initiation to closure completion, will be available within the forementioned report.