NEW STREET TECH
Your fast track to the future

STANDARD OPERATING PROCEDURE
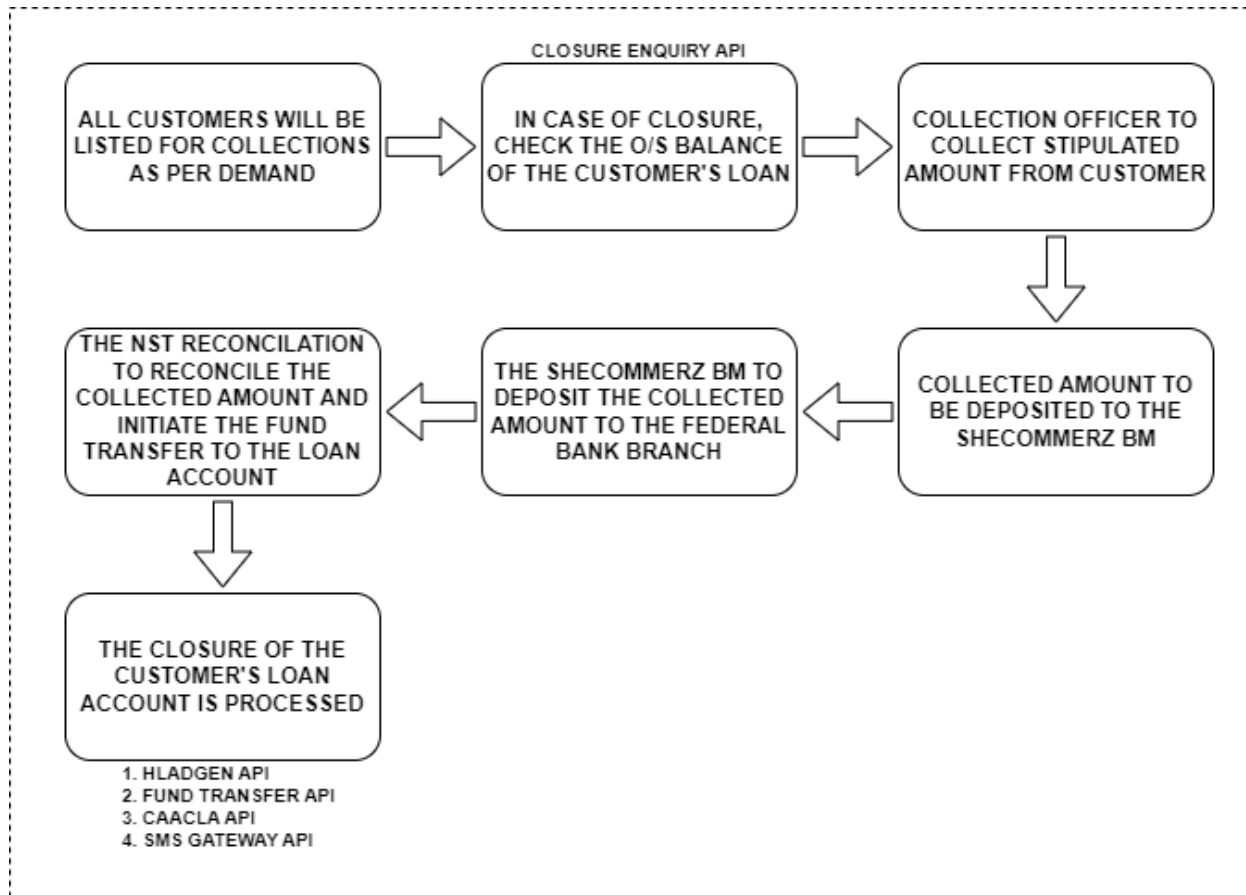
LOAN CLOSURE

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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*
   Role : SheCommerz Collection Officer
   Responsibility : The CO will visit the customers to collect their EMI payable
   Working Time : 8AM – 2PM
   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.

The application also maintains a check which will disable the cash collection and the UPI collection at 2PM and 4PM respectively.

3. ***SheCommerz BM Deposit***

    Role : SheCommerz Collection Officer and SheCommerz Branch Manager
    Responsibility : The CO will deposit the cash collected from the customers to the BM. The BM needs to tally the received cash against the cash collected as per the entry of the CO in the system.
    Working Hours : 2PM – 5PM
    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***

    Role : SheCommerz Branch Manager
    Responsibility : The BM will deposit the amount collected from the CO to the Federal Bank branch. This amount is deposited to the Federal Bank collections pool account.
    Working Hours : 2PM – 5PM
    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***

    Role : NST Admin
    Responsibility : The NST Admin will reconcile the amount deposited to the pool account to the amount received by the BM.
    Working Hours : 10AM – 8PM
    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.

2. **API Failure**
   - If there is a failure of the Closure Enquiry API, it can be re-triggered by the CO through the collections application itself.
   - If there is a failure of the HLADGEN API, then the collected amount of the customer will be transferred to their loan account and the customer will be rescheduled to the next day's demand. From here, the CO will reinitiate the customer's loan closure.
   - If there is a failure of the CAACLA API, the failure will be registered by the production support team. These cases will be informed to the technical team who will re-trigger the API.
     As part of the next release, the track of API failures and the re-trigger option will be extended to an application level.