

FUNCTIONAL REQUIREMENT DOCUMENT (FRD)

Project Name: Retail Loan Processing Optimization

Version: 1.0

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1. Purpose

This document defines the functional system requirements for implementing automation and optimization in the retail loan processing workflow.

2. System Overview

The proposed system enhancement introduces automated KYC validation, risk-based segmentation, and streamlined approval routing within the existing loan management system.

3. Functional Requirements

Now we write clear, numbered, system-level requirements.

3.1 KYC Automation Module

FR-1

The system shall validate customer identity using API-based KYC verification within 5 minutes of application submission.

FR-2

The system shall flag incomplete or invalid documents and notify the applicant for correction.

FR-3

The system shall maintain an audit log of all KYC verification attempts.

3.2 Credit Bureau Integration

FR-4

The system shall perform real-time credit bureau checks upon successful KYC validation.

FR-5

The system shall capture and store credit score in the loan application database.

3.3 Risk Segmentation Engine

FR-6

The system shall classify applications into Low-Risk, Medium-Risk, and High-Risk categories based on predefined scoring thresholds.

FR-7

Low-Risk applications shall be routed for automated approval.

FR-8

High-Risk applications shall be routed to the Risk Assessment Team for manual review.

3.4 Approval Workflow

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The system shall allow single-level approval for Low-Risk applications.

FR-10

The system shall require dual-level approval for High-Risk applications.

FR-11

The system shall timestamp each approval action.

3.5 SLA Monitoring

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The system shall track processing time for each application.

FR-13

The system shall trigger alerts if processing time exceeds defined SLA thresholds.

3.6 Reporting & Dashboard

FR-14

The system shall generate daily reports of processing time metrics.

FR-15

The system shall provide dashboard visualization of SLA breach rate.

4. Non-Functional Requirements

This is where you show maturity.

NFR-1

System response time shall not exceed 3 seconds for API validations.

NFR-2

The system shall ensure 99% uptime during business hours.

NFR-3

All customer data shall comply with data privacy regulations.

NFR-4

Role-based access control shall be enforced for approval actions.

5. Dependencies

- Credit bureau API availability
- KYC verification service integration
- Core banking system interface