

Report on advantages of using automated system for loan applications

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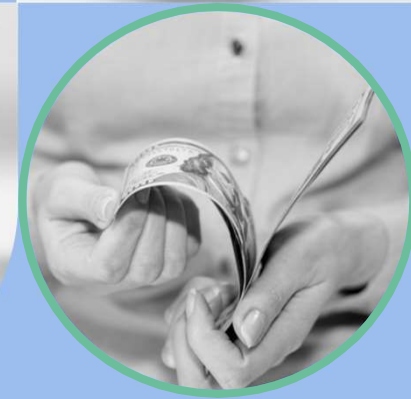


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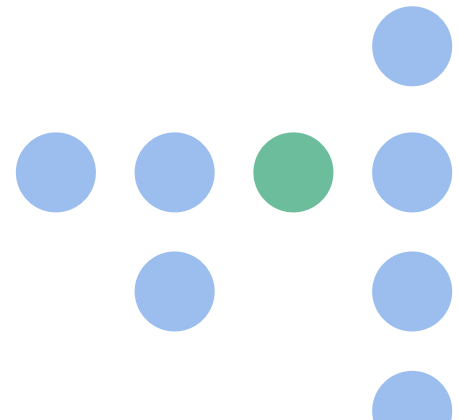
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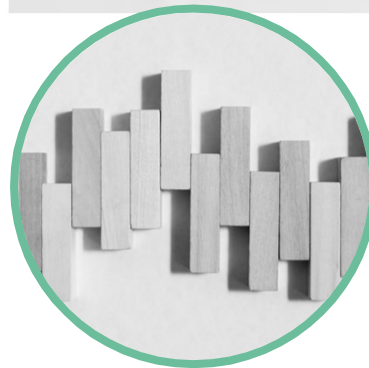
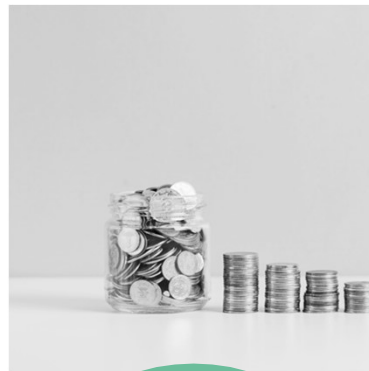
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01

ABOUT THE PROJECT

Automate the business loan approval system for a central bank using historical data of borrowers

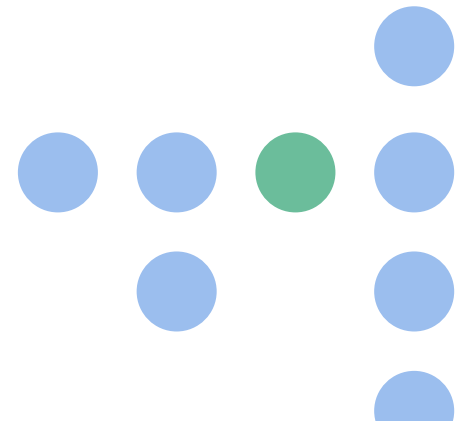


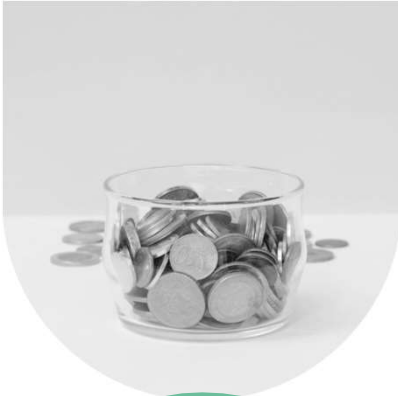


Reserve Bank of India predicts that non-performing assets for Indian banks are likely to cross rs.10 lakh crores in the financial year 2022-2023. The non-performing assets for a bank are primarily bad debts - these are loans which have not been repaid, and are likely to not be repaid. It is the task of a loan manager to assess the credit rating of loan applicants to ensure that there are no bad debts and most loans are repaid on time. Data science can create machine learning models to optimize this process and save the banking industry several crore rupees by making smarter loan decisions.

02

INTRODUCTION



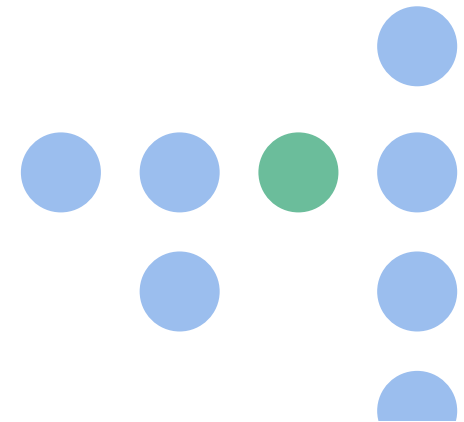


SBA national

The Small Business Administration (SBA) is a United States Government Agency formed in 1953 that provides support to entrepreneurs and small businesses. This support comes through loans made through smaller local banks, which are guaranteed up to 90%. In short, local banks give SBA loans to small businesses, and if the loan defaults, the SBA covers up to 90% of the remaining charge off. This helps mitigate risk for the local banks, and helps small businesses get the capital that they need.

03

Automated system operation

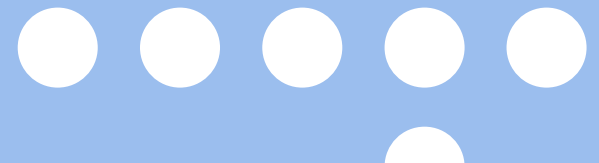


In recent years, automation has become increasingly popular as a means of streamlining this process. In any organization, there are certain criteria that need to be met before a decision is made.

These criteria are designed to ensure that the decision-making process is objective and that the outcome is in the best interest of the organization.



Automated system operations (ASO) is the set of software and hardware that allows computer systems, network devices or machines to function without any manual intervention. ASOs allow computer systems to work without a human operator physically located at the site where the system is installed.



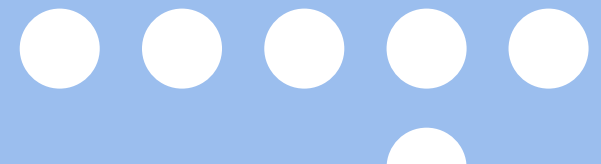
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Manually Decision Making



A manual system is a bookkeeping system where records are maintained by hand, without using a computer system. Instead, transactions are written in journals, from which the information is manually rolled up into a set of financial statements.

These systems suffer from a high error rate, and are much slower than computerized systems. Manual systems are most commonly found in small enterprises that have few transactions.



**A PICTURE IS WORTH A
THOUSAND WORDS**



Manual



VS

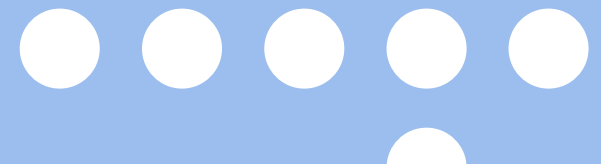
Automated



Today, even the smallest retail businesses require implementing some form of inventory management system to keep an accurate stock count, as well as for accounting purposes. The business owners usually have a choice between using an automated and a manual inventory management system.

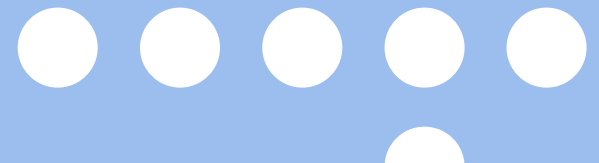
Here we will discuss the advantages of automated systems over the manual system

but first have a look at the manual system also:



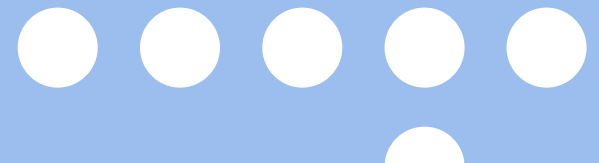
The Simplicity

For a small business that stocks a limited amount of inventory or that deals with the inventory slowly, a manual inventory management system can work fine. The business owner can easily recognize how much stock is on hand with a manual system or simply by applying an eye-ball test in the shop to see if it is time to order more. The owner won't need to spend a lot of money on inventory management software or spend the time in learning how to operate it.



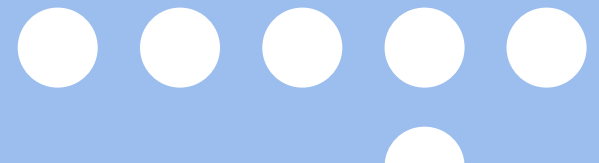
Sense of Control

A manual system gives a greater sense of control to the small business owner. Rather than depending on a computer to check when it's time to reorder goods, the owner can manage this process on his own due to the small size of business. The requirement to view his stock on a daily basis, such as while counting stock before ordering, gives him the excuse to assess the condition of his stock, minimizing the risk of a customer receiving contaminated goods.



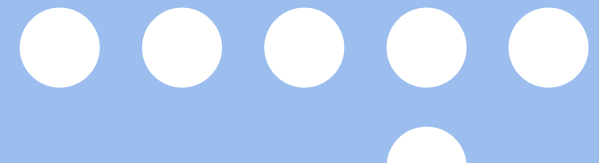
Labor-Intensive

From labor point of view, the advantages of automated systems over manual systems are noticeable. A major disadvantage of manual inventory systems is that they are highly labor-intensive to operate. They require constant monitoring to ascertain that each activity is accounted for and that the products are kept at the proper stocking levels. It is also extremely difficult and time-consuming to share inventory record information throughout the business because of the lack of computerization makes the inventory and records accessing, more troublesome process. A lot of time spent in checking the inventory levels manually could be efficiently used on more rich activities for the business.



Human Error:

The advantages of the automated system over the manual system are countless. A manual inventory system directly relies on the action of the person using it, which increases the risk of human error. Often it happens that people miss the recording of a transaction or they simply do mistake in counting the items. This results in additional orders that do loss to the income, increase the inventory carrying costs and also use up the precious storage space. The inaccurate manual counts could also result in not loss of inventory stock that means the business can run out of a specific item at the time. This provides loss to the business.





THANKYOU

