Loan Origination System – LOS

* In RBL we generally focus on BIL (Business Income loans) and SBL (Small Business loans), basically the business customers.
* 4 parts – Sourcing, Processing, Underwriting and Disbursement.
* For LAP (Loan against property) property documents would also be required.
* QDE – Quick Data Entry (Basic data entry of the customer)
* UAT – User Acceptance Testing

Steps involved in a LOS

* Quick Data Entry (QDE)
* Detailed Data Entry – Financial Analysis (DDE FA) – Current and last 2 years analysis
* Address Verification – This is done using Equifax
* Limit Selection – Based on the annual income of the customers and its family members (if any), limit is set for a particular customer. ( 80 – 20 factor)
* Contact Point Verification (CPV) and Tele Verification
* Soft Approval – It is done by Credit Manager and if there are any deviations then CM will handle it
* Product Selection – Also done by Credit Manager. Bank provides various product categories to each customer considering all the factors like whether he/she is capable enough to repay the loan.
* Final Approval – Done by CM, if required will go to the Area/Regional Manager
* Pricing Approval – If changes are to be made in product, it is done here. Also the interest rate can be changed at this step. For a good customer we can give some concession in IR
* Before disbursement, processing charges are applied by the Bank – collect charges
* Disbursement
* Complete process takes roughly 20-25 days

Miscellaneous

* HUNTER (Interface) – Used for validation of data
* Co – Borrower can’t be a salaried person in case of BIL and SBL but in case of LAP anyone ca be a co – borrower.
* DMS (Document Management System) – Once the personal documents of customer are uploaded on LOS, it gets stored in the DMS and can be viewed on LOS too.
* NSDL – PAN Verification
* Dedupe – Personal UCIC code (Unique Customer Identification Code)
* NPA – Non Performing Assets.
* ESB (Enterprise Service Bus) provides flexibility to work
* CHM Commercial Bureau – Right now for individuals only, in talks with INDUS for Non- individual loans. 2 requests and 2 responses for every loan. CRIF (vendor) generates Unique Request ID, if no matches are found then direct report and if matches are found then each match with unique ID is generated, so you can correspondingly find your desired customer.

How Sourcing is done –

* Branch walk in
* DSA and DST
* Web Portal – Company’s or through other means
* Push Notification ; SMS/email
* Tele calling ( Call center)
* LAN – Loan Account Number
* Usually the ratio of successful sourcing is greater for HL/LAP as compared to PL.

How Processing in done –

* Documentation
* API integrated verification – NSDL, Bureau, CIBIL, ROC (Registrar of companies), Equifax and others
* CPV and TVR
* FCU (Fraud Controlling Unit)
* Limit selection
* Product Selection
* Final Approval – Approved, Reject or Refer (bank wants to give loan but the customer is not meeting some requirements)

Underwriting –

* Works on 3Cs – Credit worthiness (financials of the customer), Collateral (assets) and Capacity (ability to repay)

Disbursement –

* Processing fees can be deducted from the loan amount or can be paid separately.
* Pricing involves processing fees, insurance amount etc.

Take-away from session with Ashish (Process Manager)

* Importance of WRITERS – To make the process smooth and fast. Previously generating CAM (Credit Appraisal Memo) used to take 3 working days. WRITERS are specifically appointed for this process to generate the CAM in a day (overnight).
* No photo is required for a partnership account just the stamp is sufficient.
* We ask for 2 years financials in case of BIL/SBL while 3 years of financials in case of LAP.
* All the details of loan are put up on MIS.
* TAT (Turn Around Time) – 85 percentile TAT means we are considering 85% of cases.
* Data Creditor List (Doubt?)

**Flow of file** – In case of BIL/SBL/LAP == DSAs -> Sales -> Credit -> On LOS (for BIL/SBL); On CRM for LAP.

Take-away from session with Gaurav

* Retail Assets – 1) Secured (LAP) 2) Unsecured (BIL/SBL – on INDUS ; PIL – on CRM)
* DSAs do the entry on Rupee Power – ARD concept ( A = Accept; R = Refer; D = Decline)
* SERCO (Doubt?)
* Flow in case of PL – Application submission -> Login -> DE done (checking data) -> QC(Quality check) [ Verification; makers and checkers] -> Eligibility done(FOIR)
* FTR – First Time Right and NFTR – Not First Time Right.

MASTERS – Eligibility, Product, Deviations, Charges