**Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**Business Requirement Document (BRD)**

**Loan Origination Process in a Bank**

**1.Introduction**

**Purpose**

This document outlines the business requirements for the Loan Origination Process in a bank. The process involves key stakeholders, including the loan applicant, loan officer, and credit approval team, to ensure efficient, transparent, and compliant loan application processing.

**Scope**

This process covers the workflow from loan application initiation to final approval and disbursement. It includes data collection, verification, credit evaluation, and decision-making procedures.

**Stakeholders**

* Loan Applicant
* Loan Officer
* Credit Approval Team
* Risk Management Team
* Compliance & Legal Team

**2.Workflow for Loan Origination**

**Step 1: Loan Application Submission**

* The loan applicant submits an application through online or physical channels.
* Required documents include identity proof, income proof, credit history, and collateral (if applicable).

**Step 2: Preliminary Screening (Loan Officer)**

* The loan officer reviews the application for completeness and eligibility.
* Initial credit check is performed using internal and external credit bureaus.
* Application is either moved to the next step or rejected if it does not meet basic criteria.

**Step 3: Document Verification**

* The loan officer verifies identity, income, employment, and collateral documents.
* Any discrepancies are communicated to the applicant for resolution.

**Step 4: Credit Assessment & Risk Evaluation (Credit Approval Team)**

* The credit approval team evaluates the applicant’s creditworthiness using credit score analysis, debt-to-income ratio, and financial history.
* Risk assessment is performed to determine potential default risk.
* Approval or rejection recommendations are made based on predefined criteria.

**Step 5: Decision Making**

* The loan officer consolidates credit evaluation results and submits them for final approval.
* The credit approval team makes the final decision and informs the loan officer.

**Step 6: Loan Approval & Agreement Signing**

* Approved applicants receive loan sanction letters with terms and conditions.
* The applicant reviews and signs the loan agreement.

**Step 7: Loan Disbursement**

* Upon signing the agreement, funds are disbursed to the applicant’s account.
* The bank sets up repayment schedules and notifications.

**Step 8: Loan Monitoring & Servicing**

* Periodic monitoring of repayments and account performance.
* In case of defaults, appropriate recovery actions are taken.

**3. Business Requirements**

| **Requirement ID** | **Description** | **Stakeholder** |
| --- | --- | --- |
| BRD-001 | The system must allow applicants to submit applications online and offline. | Loan Applicant |
| BRD-002 | Loan officers must verify documents and eligibility before submission to credit approval. | Loan Officer |
| BRD-003 | The credit approval team must assess the creditworthiness based on defined metrics. | Credit Approval Team |
| BRD-004 | The system should generate automatic notifications for application progress. | Loan Applicant, Loan Officer |
| BRD-005 | Loan agreements should be digitally signed where applicable. | Loan Applicant |
| BRD-006 | Disbursement should be triggered upon agreement execution. | Loan Officer |
| BRD-007 | The system should allow real-time monitoring of loan performance. | Risk Management Team |
| BRD-008 | In case of loan defaults, the system should trigger an alert for recovery actions. | Risk Management Team |

**4. Compliance & Security Requirements**

* Adherence to regulatory guidelines for loan processing.
* Secure storage and processing of applicant data.
* Audit trails for all loan origination steps.

**5. Conclusion**

This document provides the requirements for a streamlined loan origination process that enhances efficiency, reduces processing time, and ensures compliance with banking regulations. Future enhancements may include AI-driven credit assessments and blockchain-based contract management.

**Functional Requirement Document (FRD)**

**Loan Origination Process in a Bank**

**1. Introduction**

**1.1 Purpose**

This document defines the functional requirements for the Loan Origination Process in a bank. The workflow involves key stakeholders, including the loan applicant, loan officer, and credit approval team, ensuring a seamless and efficient loan application processing system.

**1.2 Scope**

The loan origination system will handle the complete loan processing cycle, from application submission to disbursement and loan monitoring.

**1.3 Stakeholders**

* Loan Applicant
* Loan Officer
* Credit Approval Team
* Risk Management Team
* Compliance & Legal Team
* IT Support Team

**2. Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**Functional requirement document**

**Functional Workflow**

**Step 1: Loan Application Submission**

* The system must allow applicants to submit applications online and at bank branches.
* The system should collect applicant details, required documents, and loan preferences.
* Automated eligibility checks should be performed.

**Step 2: Preliminary Screening**

* The system should allow loan officers to review applications for completeness.
* Automated credit bureau checks should be conducted.
* The system should enable rejection or forwarding of applications to the next stage.

**Step 3: Document Verification**

* The system must verify submitted documents through OCR and validation tools.
* Any discrepancies must trigger automated notifications for resolution.

**Step 4: Credit Assessment & Risk Evaluation**

* The system must compute credit scores based on income, credit history, and liabilities.
* Risk analysis should include debt-to-income ratio and collateral evaluation.
* The system should generate risk reports for review by the credit approval team.

**Step 5: Decision Making**

* The system should allow credit approvers to approve, reject, or request modifications.
* Decision logs should be maintained for audit purposes.
* The system should generate loan sanction letters for approved applications.

**Step 6: Loan Agreement & Signing**

* Digital signing of agreements should be supported where applicable.
* The system should store signed agreements securely for compliance.

**Step 7: Loan Disbursement**

* The system should trigger disbursement upon agreement execution.
* Notifications must be sent to the applicant regarding disbursement status.

**Step 8: Loan Monitoring & Servicing**

* The system must provide real-time loan account monitoring.
* Automated alerts should be sent for EMI due dates and overdue payments.
* Default cases should be flagged for risk and recovery teams.

**3. Functional Requirements**

| **Requirement ID** | **Description** | **Stakeholder** |
| --- | --- | --- |
| FRD-001 | The system must allow online and offline loan applications. | Loan Applicant |
| FRD-002 | Loan officers must verify documents and eligibility before credit evaluation. | Loan Officer |
| FRD-003 | Credit assessment should include automated credit scoring and risk evaluation. | Credit Approval Team |
| FRD-004 | Decision logs must be maintained for audit purposes. | Compliance Team |
| FRD-005 | Digital agreement signing should be supported. | Loan Applicant |
| FRD-006 | The system must handle automated loan disbursement upon approval. | Loan Officer |
| FRD-007 | Real-time loan monitoring must be available. | Risk Management Team |
| FRD-008 | The system should trigger alerts for overdue payments and defaults. | Loan Officer |

**4. Compliance & Security Requirements**

* Data encryption for storing and processing applicant details.
* Adherence to banking regulations for loan origination.
* Secure access controls for different user roles.

**5. Conclusion**

This FRD outlines the core functionalities required for a streamlined loan origination system, ensuring efficiency, transparency, and regulatory compliance.

**3. Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**RACI Matrix**

**Loan Origination Workflow**

1. **Loan Application Submission**
   * The **Loan Applicant** submits the loan application with necessary documents.
   * The **Loan Officer** reviews the application for completeness.
2. **Initial Review & Pre-Screening**
   * The **Loan Officer** conducts an initial review (checking credit score, eligibility, and basic financials).
   * If the basic criteria are met, the application moves forward.
3. **Document Verification & Financial Assessment**
   * The **Loan Officer** verifies identity documents, income statements, and collateral (if applicable).
   * The **Credit Approval Team** conducts a detailed financial analysis, including risk assessment.
4. **Credit Analysis & Decision Making**
   * The **Credit Approval Team** assesses the applicant’s creditworthiness.
   * They either approve, reject, or request further clarifications.
5. **Loan Approval & Offer**
   * If approved, a formal **Loan Offer** is issued.
   * The **Loan Applicant** reviews and signs the agreement.
6. **Loan Disbursement**
   * After signing, the bank disburses the loan amount.
7. **Post-Loan Monitoring**
   * The bank monitors repayment and compliance with loan terms.

**RACI Matrix for Loan Origination Process**

| **Process Step** | **Loan Applicant** | **Loan Officer** | **Credit Approval Team** | **Bank Management** |
| --- | --- | --- | --- | --- |
| Loan Application Submission | R | A | C | I |
| Initial Review & Pre-Screening | I | R, A | C | I |
| Document Verification | I | R | C | I |
| Financial Assessment | I | C | R, A | I |
| Credit Decision | I | C | R, A | I |
| Loan Approval & Offer | R, A | C | C | I |
| Loan Disbursement | I | R | C | A |
| Post-Loan Monitoring | I | R | C | A |

**Legend:**

* **R (Responsible)** – The person or role who performs the task.
* **A (Accountable)** – The person who ensures the task is completed.
* **C (Consulted)** – The person who provides input or expertise.
* **I (Informed)** – The person who is updated about progress or outcomes.

**4. Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**Used Case Diagram**

**Diagram Overview:**

* **Actors:**
  + Loan Applicant
  + Loan Officer
  + Credit Approval Team
* **Use Cases:**
  + Submit Loan Application
  + Review Application & Documents
  + Credit Evaluation
  + Loan Approval & Terms Finalization
  + Loan Agreement Signing
  + Loan Disbursement

Loan Origination in a Bank

Illustrate the workflow for processing a loan application, involving the loan applicant,

loan officer, and credit approval team. A written use case document that follows the structure provided above.

A diagram of a credit application

AI-generated content may be incorrect.

**5. Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**A written use case document that follows the structure provided above.**

**Use Case Document: Loan Origination in a Bank**

**1. Use Case Name:** Loan Origination Process

**2. Actors:**

* **Loan Applicant**: The individual or business applying for the loan.
* **Loan Officer**: The bank representative who collects application details and processes the request.
* **Credit Approval Team**: The team responsible for assessing the creditworthiness of the applicant and approving/rejecting the loan.

**3. Description:** This use case describes the process of originating a loan in a bank, starting from application submission to final approval or rejection.

**4. Pre-conditions:**

* The applicant must provide required documentation (ID proof, income proof, business details, etc.).
* The bank must have loan products available that match the applicant’s needs.

**5. Main Workflow:**

1. **Loan Application Submission**
   * The loan applicant submits a loan application form along with required documents.
   * The loan officer verifies that the application is complete.
2. **Initial Review by Loan Officer**
   * The loan officer evaluates the basic eligibility criteria.
   * If the applicant meets the criteria, the application is forwarded to the credit approval team; otherwise, the application is rejected with reasons communicated to the applicant.
3. **Credit Analysis & Risk Assessment**
   * The credit approval team assesses the applicant’s credit score, repayment history, and financial stability.
   * They perform a risk analysis using financial models and internal criteria.
4. **Approval or Rejection Decision**
   * If the loan is approved, the terms and conditions (interest rate, tenure, repayment schedule) are finalized.
   * If rejected, the reasons are documented, and the applicant is informed.
5. **Loan Agreement & Disbursement**
   * The approved applicant signs the loan agreement.
   * The loan amount is disbursed to the applicant’s account based on the agreed terms.

**6. Alternate Flows:**

* If the loan application is incomplete, the loan officer requests additional information from the applicant before proceeding.
* If the credit team finds issues with the applicant’s creditworthiness, they may request a co-signer or collateral before making a final decision.
* If fraud is detected, the application is immediately rejected and reported to relevant authorities.

**7. Post-conditions:**

* If the loan is approved, the applicant is responsible for making timely repayments as per the agreed schedule.
* If rejected, the applicant may reapply after addressing the concerns raised.

**8. Business Rules:**

* Loans cannot be processed without valid identification and financial proof.
* The credit team follows the bank’s internal policies for risk assessment.
* Loan approvals above a certain threshold require senior management authorization.

**9. Exceptions:**

* If technical issues arise, the application processing may be delayed.
* Regulatory changes may impact loan approval criteria mid-process.

1. **Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.**

**Create confluence page and Jira board for this project. (Attach screenshots for each) In Confluence (Add screenshots) • Create a main project page • Create child pages for each department. Add sub child pages for Documentation, Stakeholders and Visual diagrams in confluence. • Create a child page for retrospective using any format In Jira (Add Screenshots) o Create 3 sample issues for the project: a Story, a Task, and a Bug. o Assign issues to team members and set due dates.**

Loan Origination Workflow Overview

The loan origination process involves multiple steps, starting from the loan application submission to final approval. The key participants in the workflow are:

* Loan Applicant: Submits the loan application.
* Loan Officer: Reviews the application and verifies documents.
* Credit Approval Team: Assesses risk and approves/rejects the loan.

Loan Origination Workflow Steps:

1. Loan applicant submits the application.
2. Loan officer reviews the application and verifies documents.
3. Credit approval team assesses credit risk and makes a decision.
4. Loan officer communicates approval/rejection to the applicant.
5. If approved, loan processing and disbursement begin.

Confluence Setup

You'll create a structured knowledge base in Confluence with a main project page and child pages.

Step 1: Create a Main Project Page

* Title: Loan Origination Process
* Content:
  + Overview of the process.
  + Workflow diagram (use draw.io or Confluence’s built-in diagram tool).
  + Links to child pages.

Step 2: Create Child Pages for Each Department

1. Loan Applicant Team
2. Loan Officer Team
3. Credit Approval Team

Each child page contains:

* Documentation: Process guidelines, compliance rules.
* Stakeholders: Roles and responsibilities.
* Visual Diagrams: Flowcharts, decision trees.

Add Screenshots in Confluence  
Ensure each page is structured clearly with sections and attached visual aids.

Step 3: Create a Retrospective Page

* Format:
  + What went well?
  + What could be improved?
  + Action items for the next review cycle.

Jira Setup

You’ll create a Jira board for tracking tasks related to the loan origination process.

Step 1: Create a Jira Project

* Project Name: Loan Origination
* Project Type: Scrum or Kanban (depending on workflow preference).

Step 2: Create Sample Issues

Story

* Title: *As a Loan Officer, I need to review loan applications so that I can assess eligibility.*
* Assign to: Loan Officer
* Due Date: [Set appropriate date]

Task

* Title: *Verify Applicant's Documents*
* Assign to: Loan Processing Team
* Due Date: [Set appropriate date]

Bug

**Loan Origination in a Bank**

**Illustrate the workflow for processing a loan application, involving the loan applicant,**

**loan officer, and credit approval team. Create 3 sample issues for the project: a Story, a Task, and a Bug. o Assign issues to team members and set due dates.**

**Loan Origination Workflow in a Bank**

**Participants:**

1. **Loan Applicant** – Submits a loan application.
2. **Loan Officer** – Reviews the application and verifies documents.
3. **Credit Approval Team** – Assesses risk and approves/rejects the loan.

**Workflow Steps:**

1. Loan applicant submits the application.
2. Loan officer reviews the application and verifies required documents.
3. Credit approval team evaluates credit risk and approves/rejects the loan.
4. Loan officer communicates the decision to the applicant.
5. If approved, loan processing and disbursement begin.

**Jira Setup: Create Sample Issues**

Now, let’s create **three sample issues** for tracking the loan origination process.

**1. Story**

* **Title**: *As a Loan Officer, I need to review loan applications so that I can assess eligibility.*
* **Description**:
  + The loan officer should be able to access submitted applications.
  + Must verify applicant details and supporting documents.
* **Priority**: Medium
* **Assigned to**: Loan Officer
* **Due Date**: [Set appropriate date]

**2. Task**

* **Title**: *Verify Applicant's Documents*
* **Description**:
  + Ensure all required documents (ID, financial statements, credit history) are uploaded.
  + Cross-check document authenticity.
* **Priority**: High
* **Assigned to**: Loan Processing Team
* **Due Date**: [Set appropriate date]

**3. Bug**

* **Title**: *System Error in Credit Score Retrieval*
* **Description**:
  + API failure while fetching credit score.
  + Affects loan eligibility verification.
  + Needs immediate resolution.
* **Priority**: Critical
* **Assigned to**: Development Team
* **Due Date**: [Set appropriate date]

**Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team.** **A clearly labelled process model diagram with steps and swimlane.**

**Loan Origination Workflow**

**Key Participants (Swimlanes):**

1. **Loan Applicant** – Submits the loan application.
2. **Loan Officer** – Reviews the application, verifies documents, and forwards it for approval.
3. **Credit Approval Team** – Assesses risk, evaluates creditworthiness, and approves/rejects the loan.

**Process Model with Steps**

**Step 1: Loan Application Submission**

* **Actor**: Loan Applicant
* **Action**: Fills out and submits the loan application online or at a branch.

**Step 2: Initial Review**

* **Actor**: Loan Officer
* **Action**: Reviews application for completeness and verifies documents.

**Step 3: Creditworthiness Check**

* **Actor**: Loan Officer
* **Action**: Requests applicant’s credit score and financial history.

**Step 4: Risk Assessment & Decision**

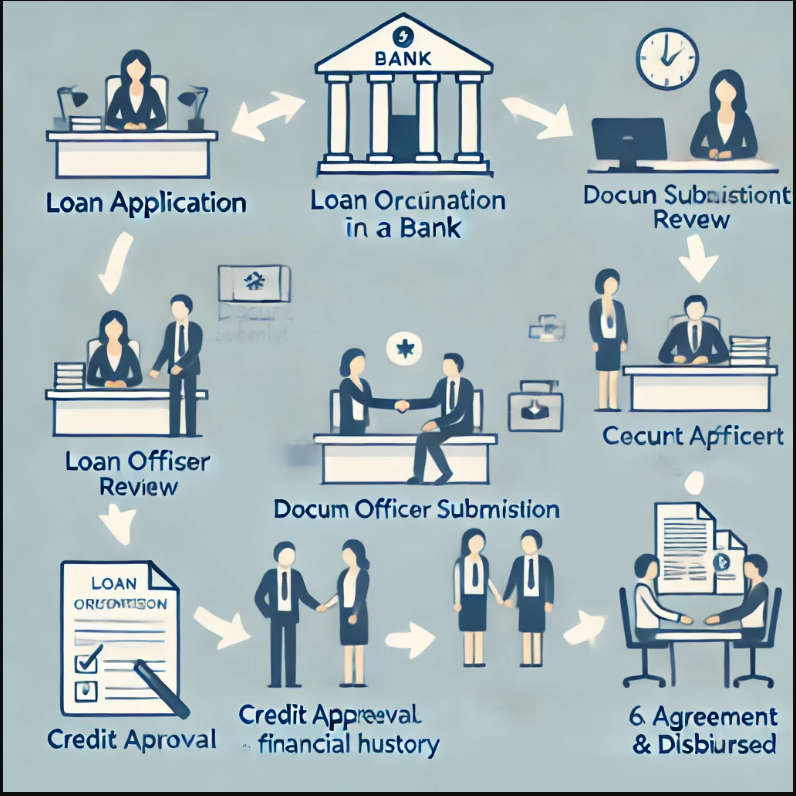
* **Actor**: Credit Approval Team
* **Action**: Evaluates loan risk and decides approval or rejection.

**Step 5: Loan Approval/Rejection**

* **Actor**: Loan Officer
* **Action**: Communicates the decision to the applicant.

**Step 6: Loan Agreement & Disbursement *(If Approved)***

* **Actor**: Loan Officer
* **Action**: Generates loan agreement, obtains signatures, and disburses funds.



**7.Loan Origination in a Bank Illustrate the workflow for processing a loan application, involving the loan applicant, loan officer, and credit approval team. Create a mock wireframe for mobile application for online stationary shop. It should have 3**

**screens. Home page, shopping cart and checkout screen.**

**1. Loan Application Submission**

**Actor:** Loan Applicant  
**Process:** The applicant submits a loan application online or in-person, providing necessary documents such as identification, income proof, and credit history.

**2. Initial Review & Pre-Qualification**

**Actor:** Loan Officer  
**Process:** The loan officer reviews the application for completeness and performs an initial check on eligibility based on predefined criteria.

**3. Credit Analysis & Risk Assessment**

**Actor:** Credit Approval Team  
**Process:**

* Credit score verification
* Debt-to-income ratio analysis
* Risk assessment using internal scoring models

**4. Loan Underwriting**

**Actor:** Underwriting Team  
**Process:**

* Detailed evaluation of the applicant’s financial stability
* Verification of collateral (if applicable)
* Decision-making on approval, rejection, or modification

**5. Approval & Offer Presentation**

**Actor:** Loan Officer / Credit Approval Team  
**Process:** If approved, a loan offer is generated, detailing interest rates, repayment terms, and conditions, and presented to the applicant.

**6. Loan Agreement & Disbursement**

**Actor:** Loan Applicant & Loan Officer  
**Process:**

* Applicant reviews and signs the loan agreement
* Funds are disbursed to the applicant’s account

**7. Post-Loan Monitoring & Repayment**

**Actor:** Bank Loan Servicing Team  
**Process:**

* Loan repayments are tracked
* Payment reminders are sent
* Collections team intervenes for overdue payments

**Mock Wireframe for Mobile Application - Online Stationery Shop**

**1. Home Page**

* Displays featured products and categories (e.g., pens, notebooks, art supplies)
* Search bar for product lookup
* Shopping cart icon for easy access

**2. Shopping Cart**

* Lists selected items with images, names, prices
* Option to adjust quantity or remove items
* Subtotal calculation and checkout button

**3. Checkout Screen**

* Displays selected products and final price
* Billing and shipping details input fields
* Payment options (credit/debit card, digital wallets, etc.)
* Confirm order button for final submission