



## Fresher Learning Program

Retail Banking

- 1.1 Overview
- 1.2 Objective
- 1.3 Products/Services
  - Operative account
  - Non operative account
  - Miscellaneous services
- 1.4 Instruments of operative account
- 1.5 Types of operative account
- 1.6 Savings account –definition /facilities
- 1.7 Types of flexi deposit
- 1.8 Current account –definition/facilities
- 1.9 Advances- definition /types
- 1.10 Cycle of operative account
- 1.11 Types of non operative account
- 1.12 Types of deposits
- 1.13 Cycle of non operative account
- 1.14 Types of loans
- 1.15 Product Life Cycle of loans
- 1.16 Types of miscellaneous services

- Retail Banking denotes catering to the banking requirements of retail customers viz., individuals like professionals, self employed, retired employees, minors & Non-Residents etc
- Retail banking has seen a transformation over the past two decades with respect to business focus, delivery channel emphasis and the overall approach to the banking business. Today, given the greater stress being placed on mass customization, banks are increasingly relying on technology to provide customized solutions to consumers

# Objective Of Retail Banking

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- To provide its target market customers with a full range of financial products and banking services, giving the customers a one-stop window for all his/her banking requirements
- The products are backed by world-class service and delivered to the customers through the growing branch network, as well as through alternative delivery channels like ATMs, Phone Banking, Net Banking and Mobile Banking

- Operative accounts ( SB & Current, Overdraft & Loan etc.)
- Non operative account ( Term Deposits)
- Miscellaneous services

- The Main services offered in this sector are :
- SAVINGS BANK account
- Many of the Banks, amidst abundant competition tend to offer a 'two in one' product facility associated with Savings Banks that maximizes returns on the deposit amount invested by the customer into his/her Savings Bank a/c. The term deposit so created out of the Savings Bank is called 'Flexi Deposit' through 'Sweep out' facility available for the Savings Bank. In case, funds are required in Savings Bank a/c, the flexi term deposit is pre-closed and the amount transferred to the Savings Bank a/c through 'Sweep in' facility.
- CURRENT account
- OVERDRAFT account ( CC/OD)
- LOAN account

## Salient Features:

- Minimum Balance Stipulation ( Minimum balance needs to be maintained which differs from Bank to Bank)
- Low rate of interest ( 03.50% pa as on date); the interest rate is determined by Reserve Bank of India (RBI), applicable equally across the spectrum of Banks operating in India
- Interest Accrual happens on 'monthly product' basis on the least balance maintained from 10<sup>th</sup> to the last day of the month
- Interest is credited to the customer's account on capitalization
- A/c is opened in the name of individuals, trusts, associations, clubs etc. subject to specific guidelines from RBI & the Bank concerned as well
- Number of transactions are limited

# Facilities offered by savings account

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- Debit Card cum ATM card
- Auto Invest account ( Flexi deposit a/c facility)
- Internet banking
- Phone banking
- Anywhere banking
- Standing instructions
- Clearing settlements



- There are two ways of Sweeping the funds from & to the Savings Bank a/c viz., Auto Sweep & Reverse Sweep.
- In a savings account, the amount held over and above the prescribed minimum balance would be automatically transferred into a new term deposit a/c earning higher return for customer. This is termed 'AUTO SWEEP'
- Transfer of funds from Savings Bank to Term Deposit ( Flexi deposit) is also called 'Sweep out'

- E.g. : If 'A' holds a Savings Bank account with a bank 'ABC' where the minimum balance is Rs 5000. If 'A' has a balance of Rs.6000 in his account, the remaining 1000 (6000-5000) will be automatically transferred to a new Term Deposit

- Whenever the customer shorts fall of funds/balance in his/her account for various reasons, the shortfall amount will be transferred to the Savings Bank a/c automatically due to full/part withdrawal from the term deposit which was earlier created/opened through 'Auto Sweep'
- This type of transferring the funds/amount from term deposit to the SB a/c is called 'Reverse Sweep' which is also known as 'Sweep in' transaction on SB a/c

# Reverse sweep ( Full withdrawal of Flexi Deposit )

- E.g. : Consider that there exists a flexi term deposit of Rs. 3000.00 created by 'Sweep out' transaction on SB a/c.
- If the customer has issued a cheque for Rs 9000.00 whereas balance in the SB a/c is Rs.6000.00, system transfers amount automatically from the flexi deposit to the SB a/c whereby balance in the SB a/c shall be sufficient to debit the cheque.

# Reverse Sweep ( Part withdrawal of Flexi Deposit)

Consider that the customer issued a cheque for Rs.15,000.00 where balance in the SB a/c is Rs.7,000.00, and there exists a flexi term deposit of Rs.50,000.00

As the cheque is posted in the SB a/c, system transfers amount of Rs.8,000.00 automatically from the flexi deposit to SB a/c being the amount of part withdrawal of flexi deposit

By doing so, the new principal of the flexi deposit becomes Rs.42,000.00 which continues to earn interest till maturity.

## Salient features

- It's opened primarily for 'Corporate' type of customers like Private Limited Companies, Public Limited Companies, & Partnership firms etc. ,viz., other than individuals
- Minimum balance which needs to be maintained in the a/c differs from Bank to Bank
- Number of transactions are NOT limited
- Overdraft/Temporary Overdraft facility may be allowed
- Debit interest rate varies from Bank to Bank
- ( In Indian banking system, there's NO credit interest offered on credit balance of a current a/c, as per RBI stipulation)
- Clearing settlement of funds transfer

# Other facilities offered for Current Account

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- Cheque book
- Demand Drafts and Pay Orders, Traveler's Cheque etc.
- Funds Transfer ( Internal or external)
- Collection of Cheques/ Drafts (Local & Outstation)
- Statements, Advices, Daily statement by e-mail
- Standing Instructions
- Anywhere Banking facility
- Doorstep Banking - Pick up and delivery of Currency / Cheque
- Mobile Banking
- Internet Banking
- Over drat/Temporary OD facility

- An advance is a credit facility provided by the bank to its customers
- It differs from loan in the sense that loans may be granted for longer period, but advances are normally granted for a short period of time
- Further the purpose of granting advances is to meet the day-to-day requirements of business
- The rate of interest charged on advances varies from bank to bank
- Interest is charged only on the amount utilized by the customer viz., the balance outstanding, and not on the sanctioned amount



- Cash Credit
- Overdraft/Temporary Overdraft
- Discounting

- Cash credit is an arrangement whereby the bank allows the borrower to draw amount up to a specified limit
- The amount is ear marked /made available for the customer's account
- The customer can withdraw this amount as and when he requires
- Interest is charged on the amount actually withdrawn
- Cash Credit is granted as per terms and conditions agreed with the customers.
- This is also known as 'Revolving Credit'

- Overdraft is also a credit facility granted by bank
- A customer who has a current account with the bank is allowed to withdraw more than the amount of credit balance in his account
- It is a temporary arrangement
- Overdraft facility with a specified limit may be allowed either on the security of assets, or on personal security, or both
- Over draft facility is also sanctioned for a specific period
- This facility stands cancelled after due date
- The facility can be rolled over if the customer desires & the Bank agrees to do
- Account becomes NPA if the balance remains in debit without any repayment beyond certain past due days as decided by RBI

- **Banks** provide short-term finance by discounting bills, that is, making payment of the bill before realization of the same after deducting a certain amount of discount at a defined rate of interest
- The customer gets the funds without waiting for the date of realization of the bill
- In case any bill is dishonored without being paid on presentation, the bank can recover the amount from the customer including the charges towards the bill being returned unpaid
- Cheque /Demand Draft/Pay Order/Banker's Cheque is called 'clean bill' whereas the set of documents containing 'bill of exchange'/Hundi, commercial invoice, Railway /Lorry/Airway receipt etc., is known as 'documentary bill'. Documentary bills are generally backed by LC (Letter of Credit)
- Bill discounting either for clean bill or documentary bill is facilitated against adequate security

- Loans and Advances in general are one and the same and are used interchangeably quite often
- The loans are classified on the basis of various parameters as follows:
  - Basing on collateral/security:
    - a) Secured Loans b) Unsecured Loans
  - Basing on customer:
    - a) Retail Loans    b) Corporate Loans
  - Basing on the tenure:
    - a) Short term Loans b) Medium term Loans c) Long term advances
- Repayment capacity of the customer is determined on the strength of the financial documents on funds flow like & financial ratios like 'audited balance sheets, statement of a/c with other bank, Income Tax returns , and Current ratio, Debt-Service ration etc.
- All loans are extended to meet end use of funds ; and hence are need based loans/advances with a specific purpose

- Origination( Loan application processing)
- Servicing (Rendering customer service for financial and non-financial transactions including disbursement)
- Collection (Collection of installment amount due including repayment, prepayment & closure)

# Account Opening (Operative a/c like SB,C/A,CC/OD, Loan)

Application	Scrutiny & verification	Account opening & maintenance	Communication
<p>Applicant should furnish all details as per KYC norms prescribed by RBI</p> <p>Documents to be submitted:</p> <ol style="list-style-type: none"><li>1. Account opening form</li><li>2. Passport size photo</li><li>3. Address proof</li><li>4. Identity proof</li><li>5. PAN/GIR number or F.No.60</li><li>6. Introduction letter from other existing Bank in case introduction is not available at the Bank where a/c needs to be opened.</li><li>7. Previous Bank statement ( for CC/OD,Loan a/c)</li><li>8. Previous Income Tax returns ( for CC/OD,Loan a/c)</li><li>9. Previous Audited Balance Sheet ( for CC/OD,Loan a/c)</li></ol>	<p>Verification of documents submitted.</p> <p>Checking for correctness of documents/details furnished.</p> <p>In case of declaration like F.No.60/F.No.61, all columns should be filled in correctly.</p>	<p>Account opening process</p> <p>Signature scanning</p> <p>Cheque book issuance ( SB,CA,CC/OD,Loan)</p> <p>A/c crediting/pay-in (SB,CA &amp; CC/OD, Loan)</p> <p>A/c disbursement ( CC/OD, Loan)</p>	<p>Welcome letter with the following</p> <p>Enclosed:</p> <p>Debit Card</p> <p>Product related brochure etc.</p>

# OPERATIVE ACCOUNT SERVICES (Servicing)

Transactions	Fee & Charges	Interest	Report Generation	Customer related activities
<p>Transactions relating to :</p> <ul style="list-style-type: none"> <li>Cash</li> <li>Cheque</li> <li>DD/BC/TC</li> <li>SB/CA/TD/Loan operations</li> </ul>	<p>For the following txns:</p> <ul style="list-style-type: none"> <li>-Ledger Folio charges</li> <li>-Cheque return (Inward/Outward)</li> <li>-Duplicate statement</li> <li>-Processing charges for loan/OD accounts</li> <li>-Late fee for 'repayment' of loan</li> <li>-Penalty for preclosure of TD/Loan</li> <li>-'Non maintenance' of minimum balance</li> <li>-'Stop payment' of Cheque/DD</li> <li>-Issuance/Cancellation of DD/BC/TC</li> <li>-Issuance of cheque leaf/book.</li> </ul>	<p>Interest Credits ( SB)</p> <p>Interest Accruals (Cr &amp; Dr interest)</p> <p>Interest Capitaliztn (Cr &amp; Dr interest)</p> <p>Int.Compo-unding</p> <p>Int. Payout.</p> <p>Debit interest ( CC/OD, TOD, Loan)</p>	<p>Periodic account statements</p> <p>Details of a/cs opened</p> <p>Specific Balance wise report</p> <p>Details of a/cs closed</p> <p>Details of a/cs where tax is deducted</p>	<p>Transaction profile statement</p> <p>Non-mandatory information like details of assets</p> <p>Change/update on of address or personal details</p>



# OPERATIVE ACCOUNT SERVICES (Servicing) (Contd...)

Transactions	Fee & Charges	Interest	Report Generation	Customer related activities
Funds Transfers ( Internal/External)	Transaction charge for other Branch a/cs. ( IBR transactions)			
Standing Instructions ( Sweep in/Sweep out)	SI set up charges SI failure charges			
Utility Bill payments	Issuance of Drafts/BC/TC etc.			
Account Closing ( SB,CA)	Account closure charges before prescribed period ( SB,CA a/c) Pre-closure charges			
Addition/ deletion/amendment of joint account holders or authorized signatory				
Addition/Deletion/Amendment of Nominee ( for SB )				

# CLOSURE OF OPERATIVE ACCOUNT (SB,CA,CC/OD)

Request	Basic closure process initiation	Special features of closure processing	On closure
Customer request for closure	Checking for any dues/lien on the a/c Confirmation of balance Mandate on 'request letter' for a/c closure verified with the 'mandate' available on record	A/c status made 'Normal/active' from Inactive/Dormant or any status other than 'active' (if applicable- SB,CA,OD, CC) Securities/Collateral released (CC,OD)	Maturity proceeds transferred to internal a/c, paid as cash or issue as DD/BC as the case may be.
Bank verifies correctness of authorization to close the a/c with signature tallying	Standing instructions deleted (if exist) Inward clearing cheques ( pending for authorization) processed Outward clearing cheque (pending for clearance) cleared	Up to date interest capitalized All dues/lien amount recovered Penalty applied for pre-closure, if applicable (CC,OD) Applicable service Charges applied	A/c balance updated as zero amount  Status of the a/c modified to 'Closed' status

Request	Basic closure process initiation	Special features of closure processing	On closure
Closure proceeds Transfer to Non- operative account (TD) or BC/DD	Unused cheques collected & (SB,CA) cancelled ATM/Debit card collected & cancelled (SB,CA)		



**Term Deposits a/c**

- They can be broadly classified as
- Fixed deposit ( Entire principal invested at the time of opening the deposit a/c)
- Recurring deposit (Principal invested in fixed installments)

- Fixed Deposits are of Simple Interest type and Compound Interest type depending upon option exercised by the customer
- Interest is paid at regular frequencies on term deposits of the type Simple interest.
- Interest is paid on maturity for the fixed deposit of the type Compounding interest with specific compounding frequency
- Interest can be accrued/compounded/capitalized with the following frequency
  - Daily
  - Weekly
  - Fortnightly
  - Monthly
  - Quarterly
  - Half yearly
  - Yearly

- Every month the Customer Pays the Installment which is fixed at the time of creating the account
- Penalty is levied, generally for 'late payment' of monthly installments, and for pre-closure of the deposit
- Interest accrued basing on the principal balance outstanding on every cycle of 'interest accrual' defined

Origination (  
Application  
processing)

Servicing

Closure



# Non Operative Account Origination

Application	Scrutiny & verification	Opening Of Deposit	Communication
<p>Provide the following</p> <p>Request form</p> <p>Proof of identity</p> <p>Cheque or cash for</p> <p>Amount to be</p> <p>Deposited</p> <p>PAN details or</p> <p>Form 60 for</p> <p>Beyond deposit of</p> <p>Rs 50000</p>	<p>Validity of</p> <p>Documents checked</p>	<p>Deposit opened,details</p> <p>Of maturity maintained</p> <p>On system</p> <p>If existing customer</p> <p>And holds account,</p> <p>Mapped to customer</p> <p>Savings account</p>	<p>Certificate of</p> <p>Deposit</p> <p>Despatched</p> <p>Stating maturity</p> <p>Date ,rate of</p> <p>Interest and</p> <p>Amount to be</p> <p>Paid at end of</p> <p>tenure</p>

# Non Operative Account Servicing

Transactions	Fee & Charges	Interest	Reporting
TD/RD pay in RD installment payment Sweep in ( funds transferred from SB/CA/another TD) Sweep out (funds transferred to SB/CA/another TD) TD int.Pay Out TD/RD lien related (Addition, Modification,Cancellation,Deletion) Nomination related (Addition, Modification, Deletion) Joint a/c holding ( Addition,Modification,Deletion) Printing of deposit receipt/duplicate certificate Change of address/mandate ( mode of operation)	SI ( Sweep in/Sweep out) set up charges SI failure charges Late payment charges for RD installment Charge for duplicate certificate/statement	Accrual (defined frequency) Compounding (defined frequency) Pay Out (defined frequency) Capitalization (defined frequency) Post Maturity int. computation (Interest for Over Due period)	Maturity date notice generation Issuance of duplicate statement/interest certificate TD a/c statement TD/RD Interest Certificate generation TDS deducted details of TD a/cs Amount range wise report of TD a/cs Maturity date wise report of TD a/cs List of TD a/cs with lien outstanding List of all active TD a/cs List of closed TD a/cs ( amount wise & date wise)

Request	Processing	Payment	Closure
On Maturity	<p>Proceeds transferred to another a/c ( SB,CA,TD) or for issuance of DD/BC,</p> <p>Else, Banks renew the TD for similar period automatically.</p> <p>a) Penalty amount recovered.</p> <p>b) Excess int. if paid should be recovered from principal (regular Pay Out product)</p> <p>c) Excess int. accrued/capitalized should be reversed (re-investment product).</p> <p>d) Tax deducted already can't be reversed</p>	<p>The principal plus ( for re-investment Products)</p> <p>Principal only ( for Int. Pay out products)</p> <p>Overdue interest (if defined for the product)</p>	<p>Certificate of Deposit recovered</p> <p>And deposit closed</p> <p>By issuing demand Draft/Banker's Cheque</p>
Preclosure			
Renewal	<p>1) Automatic renewal on due date</p> <p>2) Manual renewal within specific duration from due date</p> <p>3) VD can be original due date or actual date of renewal</p> <p>4) Withholding tax should be recovered and balance amount renewed</p> <p>5) Manual renewal can be for full amount or part amount of maturity proceeds.</p>		<p>Certificate of Deposit recovered</p> <p>And deposit closed</p> <p>Issuing demand draft</p>

- Home Loan
- Auto Loan
- 1.Two-Wheeler Loan
- 2.Car Loan
- Education loan
- Personal Loan
- Consumer Loan
- Loan Against Securities
- Deposits, Shares

- Housing loans are referred to the loans provided by the banks for the following purposes:
- For construction/purchase of flat/house
- Repairs/Renovation of existing house/flat
- Purchase of flat/house resold
- Purchase of land

- The criteria for providing housing loans differs from bank to bank
- The eligibility is mainly for Individuals Salaried class, self-employed/businessmen and professionals etc.,
  - Age – Minimum of above 18 years
  - Maximum of around 50-55 years ( in practice)

- The loan amount will be calculated based on the value of property the customer is going to buy and also based on the earnings of the customer
- The loan amount would be 36 times gross salary or 60 times net salary of the customer whichever is higher. Spouse income also considered
- **Margin:** 15% on total project cost ( cost of land + cost of construction)
- 30% - For repairs

- There are 2 options
  - Fixed rate
  - Floating rate
- The rate also varies with the tenure selected by customer. There is maximum of 20 years tenor offered by banks



- In the case of a fixed rate loan, the interest rate on the loan will remain fixed throughout tenor of the loan
- Many banks determine interest rate on housing loan with reference to PLR of the respective banks; and sometimes, independent of PLR
- Market fluctuations or external forces acting on the economy will have no bearing on the fixed interest rate loans once loan is disbursed with fixed interest structure unlike 'floating interest' rate loan in which case interest is subject to change

- In the case of a floating rate loan, the interest rate could decline or rise in line with the changes in the Bank's Medium-Term Lending Rate, monetary policy/credit policy of RBI and other market forces acting on the economy etc.
- 'Floating rate' interest loan will have a reset tenor frequency where interest rate shall be revised every time at the end of such frequency
- Borrowers who can predict market conditions go in for such loans, generally
- In case a borrower intends to switch over to 'fixed interest rate' type from 'floating interest rate', banks shall levy certain penalty in practice

- Repayment Perios

For Purchase / Construction: 20 years EMI.

For repairs / renovation : 10 years EMI.

- Processing Fees:

0.5 % to 1 % from bank to bank.

- Security

Mortgage of house to be purchased.

# Cycle of a housing loan

- Scrutiny of application
- Verification of document details submitted
- Sanction of loan amount
- Disbursal of loan amount
- Repayment of loan
- Closure of the loan

Application	Eligibility Criteria	Margin	Documentation
<p>Customer identifies property &amp; executes 'sale agreement deed' called 'title deed'</p> <p>Customer submits housing loan application to the Bank.</p> <p>Application is enclosed with relevant documents like name proof, address proof, income proof and Date of birth etc., ( KYC norms)</p>	<ul style="list-style-type: none"> <li>•Customer must be major.</li> <li>•Customer must be employed or self-employed with a regular source of income that implies repayment capacity.</li> </ul> <p>Housing loan norms of a Bank are in line with NHB guidelines.</p>	<p>Margin is customer's own contribution to the loan</p> <p>Generally the following margins are envisaged by the respective banks; it's independent to each bank.</p> <ul style="list-style-type: none"> <li>•15% for new house/ flat</li> <li>•20% for old house/ flat</li> <li>•20% for repairs and renovation</li> </ul>	<p>Mortgaging of 'title deed</p> <p>Personal guarantee.</p> <p>Demand Promissory Note (DPN)</p> <p>Other relevant documents</p>

# Documents for housing loan origination

- Passport size photograph

- Proof of residence

(This applies only to new or non-existing customers, and proof can be a PAN identity card, voter identification card or passport)

- Original Sale Deed/ Agreement of Sale

- Bank account Statement or passbook, for the last six months

For employees or people in service, you also need to provide:

- Salary certificate and other information, if any, to determine repayment capacity

- Form 16 or a copy of the Income Tax Returns for the last 2 years

For self employed and other IT assesses:

- IT returns for the last 3 years· Receipts of advance tax paid

- Any other information about your repayment capacity

- In addition to the above mandatory documents, you are also required to furnish one or more of the following documents wherever applicable:
- Letter of allotment from the housing board or society
- Copy of the approved plan
- Permission for construction of house
- Copy of the relative order in the case of conversion of agricultural land. (not required where the house/flat has been constructed by an approved builder)
- **Additional documents required for an old house/flat :**
- In the case of an old existing house, you will need to get a valuation certificate from approved values as well as a certificate from a government approved architect /structural engineer regarding the condition of the flat/house as well as its remaining life.
- Sanction in principle is done for Customers who have not identified the property yet to be bought

## In-principle approval:

- Banks give in-principle approvals based on the customer income and capacity to repay, to enable them to identify a house/ flat with full confidence
- All loans terms and conditions are at the sole discretion of the Bank. Customer needs to identify the property within 3 months from the loan being sanctioned for such approvals. All Banks tend to sanction the loan only after property to be purchased is identified by the borrower, in practice to mitigate risk due to in-principle approvals/sanctions.



# Verification of documents & Processing of Housing loan

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- Stages in verification & processing
- Scrutiny of the application and documents
- Verification of title deed and other relevant documents
- Application of processing charges
- Sanction of loan
- Customer's acceptance to terms & conditions
- Repayment schedule generation
- Disbursal of loan

# Verification of documents & Processing of loan

SCRUTINY	VERIFICATION	SANCTION	DISBURSAL
<p>Check for credit worthiness of customer</p> <p>Check for repayment capacity</p> <p>Check for de-duplication of customer</p> <p>Check if customer is present in the list of 'Rejected customers, black listed customers, or defaulted customers'.</p>	<p>Verification of details of property</p> <p>Verification of valuation report issued</p> <p>By property valuers</p> <p>Verification of property documents,</p> <p>if there's any encumbrance.</p>	<p>Collection of Post dated</p> <p>Cheques , ECS mandates</p> <p>for EMI repayments</p> <p>Collection of 'processing fee'</p> <p>(discretion of the respective Bank)</p> <p>Margin determined</p>	<p>DD/BC issued in favour of builder</p> <p>Single disbursement</p> <p>Multiple disbursements ( for new construction, it's preferable to do multiple disbursements)</p>

Request	Closure
Loan tenor completed	Loan account closed and documents pertaining to The property returned to the customer.
Customer defaults payments and bank closes the Loan by liquidating security offered for the loan	Bank has the authority to sell the property and to Recover its dues from the sale proceeds. Amount Left after bank dues are covered is returned back To customer and loan account is closed ,post dated Cheques returned
Customer requests for foreclosure	Complete dues recovered from customer, and property Documents returned to the client. Bank will charge penalty towards foreclosure of the loan account.
Customer requests another bank to take Over the existing housing loan	Banks where loan is held receive the repayment for outstanding balance from another Bank taking over the loan ; and property documents are returned to the bank taking over the loan. Foreclosure charges are also paid by the latter bank.

- Auto loan are provided by the banks to Customer for the following purposes
- To buy :
  - A new car, jeep or Multi Utility Vehicles (MUVs) -- (any make or model)
  - An old car / jeep / MUV (not more than 4 years old) -- (any make or model)

- A Permanent employee of State/Central Government, Public Sector Undertaking, Private company or a reputed establishment
- A Professional or self-employed individual who is an income tax assessee
- A Person engaged in agriculture and allied activities with repayment capacity

- There is no upper limit for the amount of a car loan. It is limited only by customer's repaying capacity. A maximum loan amount of 2 times the net annual income can be sanctioned.
- The loan amount includes finance for one-time road tax, registration and insurance.
- Insurance needs to be paid regularly by the customer (Banks tend to remit premium towards insurance under debit to loan account to ensure that premium is paid on time without lapse)

# Margin for Auto loan

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- The following margins are suggested for different loan amounts at discretion of bank:
- New vehicles 10-15% when loan is up to Rs.4 lacs
- 15-20% when loan exceeds Rs.4 lacs
- Old vehicles 20-30% for vehicles up to 2 years old
- 30-40% for vehicles 2-4 years old

- Repayment period for new vehicles : Maximum of 60 months ( generally recommended- varies on need base analysis)
- Repayment period for old vehicles : Maximum 60 months for vehicles up to 2 years old ; Maximum 36 for vehicles which are 2-4 years old.
- Repayment can be from internal funds transfer ( SI ) or from external funds transfer ( ECS, RTGS, Clearing, Direct Debit)



## 2 options

- Fixed rate ( interest rate remains the same till closure of loan)
- Floating rate ( interest rate is revised as per 'interest reset tenor' frequency in regular intervals till closure of the loan)- Floating interest rate is generally with reference to PLR of the Bank.

- Hypothecation: When a property is hypothecated to a bank it means the original documents pertaining to the property will be held with the bank until the loan amount is completely repaid by the customer.
- On hypothecation of property /asset, ownership of the same lies with the Bank whereas possession will lie with the customer/borrower.
- In case borrower can't repay the loan amount, Bank tends to liquidate the loan by selling the property in the market.

- Application securitization
- Processing & Sanctioning
- Repayment scheduling
- Repayment of loan ( PDC, internal & external FT)
- Delinquency management & recovery of over due installments
- Pre-closure/ Maturity closure of the loan

# ORIGINATION OF AUTO LOAN

Application	Eligibility Criteria	Margin	Documentation
<p>Submission of auto loan application</p> <p>Verification of application details</p> <p>Evaluation of 'repayment capacity'</p> <p>Verification of other relevant documents as applicable to KYC norms</p>	<p>Loan to Value of the vehicle (LTV).</p> <p>Customer of the type ,Major' ( Minor not allowed)</p> <p>Customer should not be figured in the list</p> <p>Of 'already rejected, defaulted, fraudulent clients'</p> <p>Adequate collateral (normally the vehicle for which the loan is taken is kept as a collateral with the Bank- and it's hypothecated to the Bank)</p>	<p>The following margins are suggested</p> <p>New vehicle 10-15 % up to 4 lacs 15-20% above 4 lacs</p> <p>Old vehicle 20-30% up to 2 yrs old 30-40% for 2-4 yrs old</p>	<p>Deed of hypothecation</p> <p>Demand Promissory Note (DPN)</p> <p>Surety's or Guarantor's undertaking (if available/applicable)</p>

## The Documents required for a Salaried Individual -

- Proof of Income - latest 2 attested salary slips with TDS certificate/Form 16.
- Proof of Residence - Driving License/Voter I-card/Electricity Bill/Insurance Policy/Letter from employer.
- Banking History - photocopies of the other bank statement showing last 6-months transactions.
- Photographs.
- Proof of Identity - Passport Copy/Voter's I-card/Driving License/Employer's Card.
- Signature verification from the bank.

- **The Documents required for a Self-Employed Individual -**
- Balance sheet and P&L account for the last 2 years certified by an Auditor.
- Acknowledged copy of IT Returns for the last 2 years.
- Proof of Residence - Driving License/Voter I-card/Electricity Bill/Insurance Policy/Telephone Bill.
- Banking History - photocopies of the bank statement showing last 6-months transactions.
- Photographs.
- Proof of Identity - Passport Copy/Voter's I-card/Driving License/Employer's Card.
- Signature verification from the bank.
- Sole Proprietorship Declaration on the letter head

# Verification of documents & Processing of loan

SCRUTINY	VERIFICATION	SANCTION	DISBURSAL
<p>Check for credit worthiness of customer</p> <p>Check for repayment capacity</p> <p>Check for de-duplication of customer</p> <p>Check if customer is present in the list of 'Rejected customers, black listed customers, or defaulted customers'.</p>	<p>Verification of details of property</p> <p>Verification of valuation report issued</p> <p>By property valuers</p> <p>Verification of property documents,</p> <p>if there's any encumbrance.</p>	<p>Collection of Post dated Cheques , ECS mandates for EMI repayments</p> <p>Collection of 'processing fee' (discretion of the respective Bank)</p> <p>Margin determined</p>	<p>DD/BC issued in favour of builder</p> <p>Single disbursement</p> <p>Multiple disbursements ( for new construction, it's preferable to do multiple disbursements)</p>

Request	Closure
Loan tenor completed	Loan account closed and documents pertaining to The property returned to the customer.
Customer defaults payments and bank closes the Loan by liquidating security offered for the loan	Bank has the authority to sell the property and to Recover its dues from the sale proceeds. Amount Left after bank dues are covered is returned back To customer and loan account is closed ,post dated Cheques returned
Customer requests for foreclosure	Complete dues recovered from customer, and property Documents returned to the client. Bank will charge penalty towards foreclosure of the loan account.
Customer requests another bank to take Over the existing housing loan	Banks where loan is held receive the repayment for outstanding balance from another Bank taking over the loan ; and property documents are returned to the bank taking over the loan. Foreclosure charges are also paid by the latter bank.



- These loans are specifically offered for the pursuit of academics in recognized schools, colleges and various other educational institutions, both in India and abroad.
- Maximum amount of loan for study in India is Rs.7.50 lacs
- Maximum amount of loan for study abroad is Rs.15.00 lacs

## Eligible Courses

- Graduation courses/ Post graduation courses/ Professional courses
- Other courses leading to diploma, degree etc. conducted by colleges, universities approved by UGC/ Government/ AICTE etc.
- All educational qualification certificates including admission offer letter sent by the institute where the candidate desires to study should be attached to the application.

- Education Loan for the following purposes can be considered:
  - ← Fees payable to college/school/hostel
  - ← Examination/Library/Laboratory fees
  - ← Caution Deposit/Building Fund/Refundable Deposit
  - ← Purchase of computers considered necessary for completion of the course.

## Loan Amount

- For studies in India, maximum Rs. 7.50 lacs
- Studies abroad, maximum Rs. 15.00 lacs

## Margin

- For loans up to Rs.4.0 lacs : No Margin
- Margin is insisted for loan amount exceeding Rs.4.00 lacs.
- Repayment of loan is arranged in EMIs convenient to the borrower.

The repayment would begin after certain duration from completion of the course as agreed upon by the bank and student, or after getting job whichever is earlier.

Repayment is scheduled in terms of EMIs.

Repayment schedule is subject to change during continuance of the loan.

In case of educational loan for foreign studies, it can be repaid either in FCY or local currency.

# ORIGNIATION OF EDUCATION LOAN

Application	Eligibility Criteria	Margin	Documentation
<p>Customer identifies property &amp; executes 'sale agreement deed' called 'title deed'</p> <p>Customer submits housing loan application to the Bank.</p> <p>Application is enclosed with relevant documents like name proof, address proof, income proof and Date of birth etc., ( KYC norms)</p>	<ul style="list-style-type: none"> <li>•Customer must be major.</li> <li>•Customer must be employed or self-employed with a regular source of income that implies repayment capacity.</li> </ul> <p>Housing loan norms of a Bank are in line with NHB guidelines.</p>	<p>Margin is customer's own contribution to the loan</p> <p>Generally the following margins are envisaged by the respective banks; it's independent to each bank.</p> <ul style="list-style-type: none"> <li>•15% for new house/ flat</li> <li>•20% for old house/ flat</li> <li>•20% for repairs and renovation</li> </ul>	<p>Mortgaging of 'title deed</p> <p>Personal guarantee.</p> <p>Demand Promissory Note (DPN)</p> <p>Other relevant documents</p>

- You will need to furnish the following documents along with the completed application form. Relevant information would relate to the guardian and the student both, when the loan is jointly taken.
  - Mark sheet of last qualifying examination for school and graduate studies in India
  - Proof of admission to the course
  - Schedule of expenses for the course
  - Copies of letter confirming scholarship, etc.
  - Copies of foreign exchange permit, if applicable.
  - 2 passport size photographs
  - Statement of Bank account for the last six months of borrower
  - Income tax assessment order not more than 2 years old of parent/guardian.
  - Brief statement of assets and liabilities of parent/guarantor.

SCRUTINY	VERIFICATION	SANCTION	DISBURSAL
<p>Check for credit worthiness of customer</p> <p>Check for repayment capacity</p> <p>Check for de-duplication of customer</p> <p>Check if customer is present in the list of 'Rejected customers, black listed customers, or defaulted customers'.</p>	<p>Verification of details of property</p> <p>Verification of valuation report issued</p> <p>By property valuers</p> <p>Verification of property documents,</p> <p>if there's any encumbrance.</p>	<p>Collection of Post dated Cheques , ECS mandates for EMI repayments</p> <p>Collection of 'processing fee' (discretion of the respective Bank)</p> <p>Margin determined</p>	<p>DD/BC issued in favour of builder</p> <p>Single disbursement</p> <p>Multiple disbursements ( for new construction, it's preferable to do multiple disbursements)</p>

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Customer requests another bank to take Over the existing housing loan	Banks where loan is held receive the repayment for outstanding balance from another Bank taking over the loan ; and property documents are returned to the bank taking over the loan. Foreclosure charges are also paid by the latter bank.



- To meet any kind of personal expenses, e.g., marriage, family functions, medical, educational, travel expenses, etc.
- Purpose of loan is for personal expenditure.
- There can be single or multiple personal loans for any individual borrower.

- A State/Central Govt. Employee, employee of public sector undertaking/reputed profit making public limited company, reputed institutions, MNC with a minimum service experience of 2 years.
- A self employed engineer, doctor, architect, chartered accountant, or an MBA, with a minimum 2 years standing in the field/business.
- A Pensioner of PSU/Govt. (Central/State)/Public Sector Bank who has taken premature voluntary retirement and is 60 years of age or less
- Traders, who have cash flows to repay the loans and can provide adequate tangible collateral security. They should restrict their banking requirements to the branch where the loan is proposed to be taken.

- **Loan Amount**

**Your personal loan limit would be determined by your income and repayment capacity.**

**Minimum :** Rs.15,000/- ( differs from Bank to Bank)

**Maximum :** Generally, 12 times Net Monthly Income for salaried individuals and pensioners and 1 year's net annual income in case of self employed professionals with the under noted ceilings;  
Additionally, your spouse's income can be considered in calculating the loan amount provided he/she guarantees the loan or the loan is taken jointly.

- **Salaried individuals and self employed professionals :** Rs.2.50 lacs under certain conditions
- Other eligible borrowers are : a) traders & b) agents etc.

- Important documents to be furnished while opening a Personal Loan Account:
  - For existing bank customers
- Passport size photograph.
  - From salaried individuals
- Latest salary slip and Form 16
  - From Self-employed individuals and Professionals
- IT returns for the last two financial years
- Proof of Professional Qualification : Copy of highest professionals degree held
- Proof of official address. This can include shop and establishment certificate/Lease deed/Telephone Bill.

- The loan is repayable in agreed number of EMIs. Customers are allowed to pay more than the EMI. if you wish to, without attracting any prepayment penalty.

## Processing Fee :

- Processing charges are 1 per cent of the loan amount. This is amongst the lowest fees in the industry. Processing fees have to be paid upfront. There are no hidden costs or other administrative charges.

Application	Eligibility Criteria	Margin	Documentation
<p>Customer identifies property &amp; executes 'sale agreement deed' called 'title deed'</p> <p>Customer submits housing loan application to the Bank.</p> <p>Application is enclosed with relevant documents like name proof, address proof, income proof and Date of birth etc., ( KYC norms)</p>	<ul style="list-style-type: none"> <li>•Customer must be major.</li> <li>•Customer must be employed or self-employed with a regular source of income that implies repayment capacity.</li> </ul> <p>Housing loan norms of a Bank are in line with NHB guidelines.</p>	<p>Margin is customer's own contribution to the loan</p> <p>Generally the following margins are envisaged by the respective banks; it's independent to each bank.</p> <ul style="list-style-type: none"> <li>•15% for new house/ flat</li> <li>•20% for old house/ flat</li> <li>•20% for repairs and renovation</li> </ul>	<p>Mortgaging of 'title deed</p> <p>Personal guarantee.</p> <p>Demand Promissory Note (DPN)</p> <p>Other relevant documents</p>

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- Purpose: For Purchasing cons durables like TV, VCR. Washing Machine, AC, Furniture etc.
- Loan Amount: Calculated at Certain times of monthly salary.

Margn: 15%

Security: Hypothevcation of articles/  
equipments purchased.

Repayment: Equated monthly instalemnts  
Max. Period upto 60 months

# Loan against Deposit

MAVERIC

- Purpose: For meeting educational/consumption/other expenses
- Loan amount: 85% on the interest accrued value of the deposit
- Repayment: Upton the maturity date of the deposit in instalments. If not paid fully, the amount due will be adjusted from the maturity proceeds.

- Leverage your investments in shares, debentures, public sector bonds and Government securities for loans to meet unforeseen expenses!
- Avail of loans up to Rs.20.0 lacs against your shares/debentures to enable you to meet contingencies, personal needs or even for subscribing to rights or new issue of shares.

## Margin

**You will need to provide a margin amount of 50% of the prevailing market prices of the shares/ non-convertible debentures be in**

## Documents Required

- You will be required to submit a declaration indicating :
- Details of loans availed from other banks/ branches for acquiring shares/ debentures.
- Details of loans availed from other banks/ branches against security of shares/ debentures offered as security

## Purpose

- For meeting contingencies and needs of personal nature. Loan will be permitted for subscribing to rights or new issue of shares / debentures against the security of existing shares / debentures. Loan will not be sanctioned for
  - speculative purposes
  - inter-corporate investments or
  - acquiring controlling interest in company / companies.

## Repayment Schedule :

- To be liquidated in maximum period of 30 months through a suitable reducing DP programme.
- In case of a default or if the outstanding is over Rs.20.0 lacs, the shares/debentures will be transferred in the name of the Bank.

## Essential Parameters for acceptance of shares as security.

- The equity shares and debentures offered as security should be fully paid. Preference shares will not be acceptable as security
- The shares/ debentures offered as security must be in demat form
- The share/ debenture should be of a company listed in BSE 100 Index, except those of SBI (list of BSE 100 Index companies is available on [www.bseindia.com](http://www.bseindia.com))
- The market price of the security should not have fallen below par for preceding 52 weeks
- The market price of the security should not be as variance with the arithmetical average of preceding 52 weeks high and low by more than 25% in downward direction



- (P/E ratio of the company should not exceed 40 as published in Economic Times. In case P/E ratio is not available the shares/ debentures of the company should not be accepted as security
- The total number of shares of the company traded on NSE and BSE should not exceed 25000 on the day of financing and on each preceding 2 days
- Security where the market price 52 week high is 4 times of the 52 week low should not be accepted.
- Margin suggested is minimum 50% of value of shares.

## Documentation

**\*Application for overdraft limit against security of shares/ debentures indicating details of shares (i.e. ISIN of the company whose shares/ debenture are offered as security, number of shares/ debenture offered as security) along with borrowers DP ID and DP account number.\***Applicant has to submit consent letter agreeing to regularize the account/ replenish the margin shortfall, on account of adverse market price variation, immediately on receipt of notice from the branch. Applicant will also submit consent to the condition that in the event of his failure to regularize the account immediately, Bank has the right to get the security transferred in its name and arrange for its sale, without any further reference to him. The Bank shall exercise this option without prejudice to its rights to recover the dues by other means also.\*DP Note and DP Delivery letter.\*Irrevocable Letter of Undertaking addressed to the Bank signed by all holders of the shares.\*Dividend collection mandate(s).\*Either or Survivorship Letter(if applicable).

- Safe Deposit lockers
- Cheque collection
- Remittance facility
- Internet Banking
- Phone banking
- Demat Facilities

## Depository Participant Services

**Depository is an organization, which holds your securities in the form of electronic book entries.**

This will be done at the request of shareholders through the medium of a Depository Participant (DP). If an investor wants the services of a Depository, he has to open an account with the DP. Further, a depository transfers securities as per the investor's instructions without actually handling securities, through the electronic mode. The DP will maintain the account balances of securities bought and sold by the investor from time to time. The DP will also give the investor a statement of holdings, which is similar to a passbook.

## Depository Account Opening

- An investor needs a satisfactory introduction and identification to open a Demat account with our DP
- Every account holder in our Bank can open a Demat account
- An investor has to fill up an Account Opening Form and execute an agreement with the DP for opening a Demat account.

## Benefits of holding Shares in Electronic form

Transactions take place much faster in electronic trading compared to a 30-60 days settlement cycle that is presently experienced. Transfer of shares is effected within a few days after payment is made.

- \* Elimination of bad deliveries and all risks associated with physical certificate such as loss, theft, mutilation, forgery, etc.
- \* Easy liquidity.
- \* No stamp duty on transfer.
- \* No postage/courier charges.
- \* Faster disbursement of corporate benefits like rights, bonus, etc.
- \* Facility for creating charge on dematerialized shares for granting loans and advances against shares
  - Issues/problems due to signature mismatch can be avoided.

## Account opening

- An investor (investors are called Beneficial owners in Depository system) intending to hold securities in the electronic form in the Depository system will have to open an account with a DP of NSDL
- The investor has to fill up an account opening form and sign an Agreement. The investor can open multiple accounts with same DP as also with different DPs. The DP will provide the investor a statement of holdings and transactions. In case the shares are held in joint names then the account is to be opened in the same order of names.
- Separate account needs to be opened for each combination of names
- All a/c opening formalities should be in accordance with 'SEBI' guideline predominantly, and RBI guidelines especially in terms of KYC norms.

- Dematerialization is the process by which an investor gets his physical certificates converted into electronic form and reflected in his account with the DP.
- One has to just fill in Dematerialization Request Form available with his DP. Submit his share certificates along with the above form (legend like 'Surrendered for Dematerialization' should be written on the face of each certificate before its submission for Dematerialization). The beneficial owner's account will be credited with in 15 days and he will be informed by the DP.
- In one wishes to convert his electronic shares back to physical shares at a later stage, he can still do so by applying for dematerialization through a Rematerialisation Request Form available with his DP. The new rematerialized certificates with new range of certificate number may use existing Folio number or a new folio number for the certificates.



- Trading in the Depository mode takes place in the following manner:
  - \* If the investor wants to sell his shares, he has to place an order with his broker and give a "Delivery Instruction" to his DP. The DP will debit his account with the number of shares sold by him.
  - \* If one wants to buy shares, he is to inform his broker about his Depository Account Number so that the shares bought by him are credited into his account.
  - \* Payment for the electronic shares bought or sold is to be made in the same way as in the case of physical securities.
  - \* The shares one buys are transferred in his name promptly after he makes the payment.
  - \* No formalities of filling transfer deeds, affixing stamps and applying to the Company for registering the shares in Beneficial owner's name are required to be observed, neither there is any fear of bad delivery.



#### **CORPORATE HEADQUARTERS**

Lords Tower, Block 1, 2<sup>nd</sup> Floor  
Jawaharlal Nehru Road,  
Thiru Vi Ka Industrial Estate  
Ekkaduthangal, Chennai – 600 032

[www.maveric-systems.com](http://www.maveric-systems.com)

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## **GLOBAL LOCATIONS**

INDIA

SINGAPORE

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US

DUBAI

RIYADH

MALAYSIA

MEXICO

