BUSINESS REQUIREMENTS DOCUMENT

Loan Application & Approval System

Executive Summary

The goal of this project is to streamline the loan application and approval lifecycle by digitizing customer submissions, automating eligibility checks, and enabling real-time status visibility. The existing process is heavily manual, causing delays, operational inefficiencies, and inconsistent approval timelines. The proposed system will simplify the application process, reduce manual workload for loan officers, ensure better compliance, and enhance the customer borrowing experience.

Business Problem

The current loan processing workflow relies on manual document collection, physical verification, and offline eligibility assessment. This leads to significant bottlenecks and business challenges:

- Loan approval timelines vary widely (3–7 days).
- Manual document validation increases the risk of errors.
- Loan officers spend excessive time performing repetitive checks.
- Customers frequently contact the bank for application status updates.
- Delays result in customer dissatisfaction and lost loan opportunities.

To remain competitive, the business requires a digital, automated loan processing system that enhances speed, accuracy, and transparency.

Goals & Objectives

Business Goals

- Modernize the loan processing lifecycle
- Reduce manual workload for loan officers
- Improve approval turnaround time
- Increase customer satisfaction and loan conversions

SMART Objectives

- Reduce loan approval time from 5–7 days → under 24 hours
- Automate at least **60%** of eligibility checks through business rules
- Reduce customer support inquiries about loan status by **50%**
- Achieve a 20% increase in approved digital loan applications

Project Scope

In-Scope

- Digital loan application submission
- Document upload (ID proof, address proof, income proof)
- Automated eligibility scoring engine
- KYC verification integration
- Officer dashboard for manual review
- Real-time loan status tracking
- Automated notifications (SMS/email)
- Approval/Rejection workflow

Out-of-Scope

- Loan disbursement module
- EMandate or auto-debit setup
- Loan repayment tracking
- Credit card loan processing
- Co-applicant and guarantor support (future enhancement)

High-Level Requirements

1. System shall allow users to submit digital loan applications.
2. System shall capture personal, employment, and financial details.
3. System shall allow upload of ID and income documents.
4. System shall perform automated eligibility scoring using defined business rules.
5. System shall integrate with KYC verification providers.
6. System shall route borderline or special cases to loan officers.
7. System shall allow officers to approve or reject applications.
8. System shall send automated notifications for every stage (Submitted, Under Review, Approved/Rejected).
9. System shall provide a dashboard for loan officers to view and manage cases.
10. System shall provide customers with real-time application status tracking.

Business Rules

- Applicant must be at least **18 years old**.
- Minimum monthly income for loan eligibility: **₹25,000**.
- Applicants with credit score < **650** require manual review.
- Document upload is mandatory for all applicants.
- Automated eligibility score = income factor + credit score factor + employment stability.
- Applications with missing documents cannot proceed to scoring.

Assumptions

- Credit bureau APIs (CIBIL/Experian) are available and stable.
- KYC provider supports real-time identity verification.
- Loan officers are trained to use the dashboard.
- Customers have access to smartphone/email for notifications.

- Business rules provided by compliance & risk team are accurate.

Constraints

Technical Constraints

- System must integrate with existing banking core system.
- All PII must be encrypted as per RBI & banking security standards.
- Application must support both mobile and desktop environments.

Regulatory Constraints

- Must comply with **KYC**, **AML**, and **RBI lending guidelines**.
- Must store documents in secure encrypted storage.

Timeline Constraints

- MVP must be delivered within **12 weeks**.

Risks

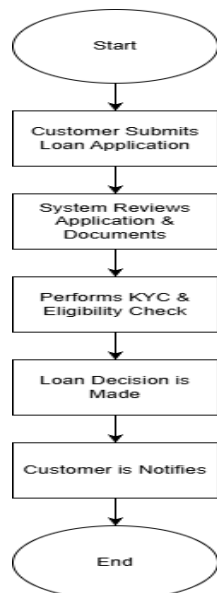| Risk	Impact	Mitigation
API failure (KYC or credit bureau)	Application cannot proceed	Retry logic + fallback to manual review
Incorrect eligibility scoring	Wrong approvals/rejections	Regular audit + testing of scoring rules
Document upload failures	Delay in application processing	Multiple upload retries + validation
Customers submitting invalid info	Inaccurate scoring	Add strong validation + warning prompts
Officer overload during peak period	Backlog of cases	Auto-assign workload + SLA tracking

Success Metrics

- Reduce approval time to **< 24 hours**
- Reduce manual review workload by **50%**
- Increase digital application completion rate by **30%**
- Reduce support calls about application status by **≥ 50%**
- Achieve customer satisfaction score ≥ **4.5/5**

Stakeholder List

Stakeholder	Role
Product Owner	Defines requirements & priorities

Stakeholder	Role
Business Sponsor	Approves funding & strategy
BA (You)	Requirement gathering, BRD creation, validation
Loan Officers	Manual review of borderline cases
Risk & Compliance Team	Defines eligibility rules
Tech Lead	System design & technical guidance
QA Lead	Testing & validation
Customer Support Team	Tracks user issues & feedback
UX Designer	Designs applicant and officer screens

High-Level Process Flow

```
        Start
          |
          v
  Customer Submits
  Loan Application
          |
          v
  System Reviews
  Application &
  Documents
          |
          v
  Performs KYC &
  Eligibility Check
          |
          v
  Loan Decision is
  Made
          |
          v
  Customer is Notifies
          |
          v
         End
```

Sign-Off

The business stakeholders agree that the above requirements define the expected outcome for the Loan Application & Approval system.

- Product Owner: _____
- Sponsor: _____
- Date: _____