

Functional Requirements Document

Loan Application & Approval System

Document Control

Item	Details
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Project Name	Loan Application & Approval System
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Introduction

This Functional Requirements Document (FRD) defines the functional behavior of the Loan Application & Approval System. It describes how the system processes loan applications, evaluates eligibility, and communicates decisions to applicants.

Scope

In Scope

- Loan application submission
- Eligibility evaluation
- Auto approval and manual review
- Loan status updates
- Applicant notifications

Out of Scope

- Credit bureau system internals
- UI design details
- Backend infrastructure

Assumptions & Constraints

Assumptions

- Applicants provide accurate information
- External services are available for verification
- Manual reviewers are authorized users

Constraints

- Eligibility rules must comply with policy requirements
- Certain applications require mandatory manual review

Functional Requirements

FR-LN-01: Capture Loan Application

The system shall allow applicants to submit loan applications with required personal and financial details.

(Refer: Loan Application Flowchart)

FR-LN-02: Verify Eligibility

The system shall evaluate applicant eligibility based on credit score, income, and KYC verification.

(Refer: Decision Table – Loan Eligibility)

FR-LN-03: Auto Approve Eligible Applications

The system shall automatically approve loan applications that meet defined eligibility criteria.

(Refer: BPMN Diagram – Loan Approval Flow)

FR-LN-04: Route for Manual Review

The system shall route applications that do not meet auto-approval criteria to a loan officer for manual review.

(Refer: Activity Diagram)

FR-LN-05: Update Loan Status

The system shall update loan application status based on approval or rejection decisions.

(Refer: DFD Level-1)

FR-LN-06: Notify Applicant

The system shall notify applicants of approval or rejection outcomes.

(Refer: Flowchart, DFD)

Business Rules

- Applications with verified eligibility may be auto approved
- Applications failing mandatory checks shall be rejected
- Partial eligibility triggers manual review

(Refer: Decision Table – Loan Eligibility & Approval)

User Interaction Reference

User interaction flows are supported by previously created process diagrams and wireframes where applicable.

Sign-Off

Role	Name	Signature	Date
Business Analyst			
Product Owner			
Stakeholder			