**CHAPTER ONE**

**Introduction**

This chapter describes the project and provides some background information. Furthermore, this chapter follows the project's problem statements to provide a clear understanding of the project's scope and objectives. This chapter will serve as a roadmap for all subsequent stages of development.

**1.1 Background of The Study**

Finance is one of the most important aspects of our daily lives. It has gotten to the point that individuals in our society cannot survive without financial loans. Chaudhari et al. (2021).

With the advancement of modern technology, an information system is now regarded as a critical resource in any organization, delivering timely, accurate, and efficient information to ensure enhanced quality service delivery. Integrating information technology solutions offers cooperative management with decision support tools, improves customer connections, and improves organizational efficiency and cooperative member satisfaction. (Santos, 2019)

Loans are a common financial product offered by financial institutions. They involve borrowing money from the institution and agreeing to pay it back, with interest, over a specified period of time. Financial institutions may offer various types of loans, such as personal loans, mortgages, car loans, and business loans, with different terms and interest rates. Wang et al. (2019).

Borrowers typically need to meet certain eligibility criteria and provide collateral or other security in order to qualify for a loan from a financial institution. Loan records are information and documentation related to loans that are provided by a lender to a borrower. These records may include the terms of the loan, such as the interest rate, repayment schedule, and any fees or charges. They may also include the borrower's personal and financial information, as well as details about the loan, such as the loan amount, payment history, and status. Loan records are important for both the lender and the borrower, as they provide a record of the loan agreement and can be used to track and manage the loan. Wang et al. (2019).

Proper management of loan records can help to ensure that the loan is repaid according to the terms of the agreement and can help to avoid potential problems or disputes. The loan record management process involves the tracking of loan applications and the subsequent management of the loan accounts after they are approved. It includes the collection of loan payments, monitoring of loan terms and conditions, and follow-up of customer service requests. This process also includes the tracking of the loan’s progress, such as the status of the loan and any changes in the customer’s credit profile. Additionally, the loan record management process includes the review of the loan’s collateral and the collection of documents associated with the loan. The loan record management process also involves the coordination of activities among the lender, borrower, and other parties involved in the loan transaction. (Kamruzzaman, 2019).

A computerized loan management system is a software application or system that is used to manage and track the loan records of an organization or institution. It typically includes features for storing and organizing loan information, such as borrower details, loan amounts, interest rates, and payment schedules. A computerized loan management system may also include features for tracking and managing loan payments, generating reports and analyses, and communicating with borrowers. The use of a computerized loan management system can help organizations and institutions improve the efficiency and accuracy of their loan management processes. It can also help to reduce the risk of errors and ensure that loan records are accurate and up-to-date.

**1.2 Statement of the Problem**

Despite its usefulness, Manual loan management systems, in which loan records are managed and tracked using paper-based records or spreadsheet software, can suffer from a number of problems and limitations. These can include difficulty in organizing and storing large volumes of loan records, difficulty in accessing and retrieving specific records, and the risk of data loss or damage due to fire, flood, or other disasters. Manual loan management systems can also be prone to errors and inaccuracies, as data may be entered incorrectly or may not be updated in a timely manner. Additionally, manual loan management systems can be time-consuming and labor-intensive, requiring significant manual effort to enter, update, and manage loan records. This can lead to inefficiencies and increased costs and may result in poor customer service and satisfaction.

**1.3 Aim and Objectives of the Study**

To develop a computerized loan record management system.

**Objectives**

The objectives of this research work are as follows:

1. In the front-end development modern technologies such as HTML and CSS will be employed to create an interactive User interface as well as Django which is a Python web framework will be employed in developing the back end.
2. In storing and retrieving the collected dataset; MySQL, an open-source relational database, will be used as the database technology.
3. Vital testing will be carried out in ensuring the efficacy of the research work.

**1.4 Scope of the Study**

The study will not address issues related to the entire activities of a bank. The focus of the study is solely on the development of a computerized loan record management system, it will investigate the bank's activities in terms of the loan management system. The loan interest rate, as well as the updating of information as soon as it is received.

**1.5 Limitations of the Study**

This study's scope has been constrained by several core issues, including:

**Time** - The researcher's everyday busy academic pursuits limited the time allotted for research for this study.

**Access to literature** – Access to some material was restricted, although the available material was optimized.

**1.6 Significance of Study**

The development of a computerized loan record management system will streamline the loan process, making it more efficient and accurate. A study on such a system would likely examine the benefits and drawbacks of using such a system, as well as its impact on the loan process and the financial institution that utilizes it.

**1.7 Project Organization**

The project is divided into five chapters. The outlines are presented below:

**Chapter One: Introduction**

Chapter one introduces this project work, the study's background, the problem statement, the purpose and objectives, the scope of the study, the constraints of the study, the relevance of the study, the project organization, and the definition of terms.

**Chapter Two: Literature review**

This chapter focuses on the literature review, and the contributions of other scholars on the subject matter being discussed.

**Chapter Three: Methodology and Design**

This chapter is concerned with the presentation of the results of system analysis and design. It presents the research methodology used in the development of the system to facilitate an understanding and effective future implementation of the system.

**Chapter Four: System Implementation Evaluation**

This chapter describes the system implementation and documentation, analysis of modules, and system requirements for implementation.

**Chapter Five: Summary, Conclusion, and Recommendation**

The chapter provides a summary of major findings, conclusions, and recommendations based on the study conducted.

**1.8 Definition of Terms**

1. **Compliance:** The process of ensuring that a loan management system adheres to all relevant laws and regulations.
2. **Automation:** The use of technology to streamline and automate various tasks and processes in loan management.
3. **Guarantor:** One who supports a borrower in making sure that he/she pays back on the stated time.
4. **Loan:** This is money lent to an individual or an organization on interest payable at a stipulated time.
5. **Collateral Security:** Property, e.g stocks or bonds, pledged as security for repayment of a loan.
6. **System**: A system is a set of interconnected components or elements that work together to achieve a specific goal or function. In this case, the system is a web-based platform that allows students to file complaints about their examination results
7. **User interface** **(UI)**: The part of a software application that the user interacts with, including the layout, buttons, and other elements