# Business Requirements Document

Automated Loan Approval – Digital Lending Platform

This BRD outlines the functional and non-functional requirements for implementing an automated loan approval system within ABC Fintech’s digital lending platform to improve loan processing speed, reduce manual efforts, and enhance customer experience.

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# Overview

**ABC Fintech**, a digital lending platform, has served customers for the past 10 years with digital solution to their financial needs on the go. ABC Fintech aims to stay competitive in the rapidly evolving digital lending space by replacing legacy manual underwriting with an AI-assisted, rule-based automated approval system.

**The Core Features of the ABC Fintech Company**:

**1. Digital Lending**

1. Loan application & onboarding
2. KYC & identity verification
3. Credit scoring & risk profiling
4. Automated loan underwriting
5. Instant loan approval/disbursal
6. EMI scheduling and repayments
7. Loan restructuring and closure
8. Collections management
9. Fraud detection & risk analytics

**2. Payments & Wallets**

1. UPI integration (India context)
2. P2P payments and transfers
3. QR code payments
4. Bill payments (utility, phone recharge)
5. Virtual cards issue
6. Wallet top-up & balance tracking
7. Merchant payments & invoicing
8. Payment gateway APIs for merchants
9. Transaction history & receipts
10. Chargeback handling

**3. Wealth Management / Robo-Advisory**

1. Mutual funds & SIP investment
2. Stocks trading (via brokerage APIs)
3. Goal-based investment planning
4. Portfolio tracking and rebalancing
5. Risk profiling & investment suggestions
6. Tax harvesting
7. Market insights & notifications

**4. Savings & Neo banking**

1. Digital savings accounts
2. Debit card issuance & management
3. Account aggregation (via Account Aggregator framework)
4. Auto-save / round-up savings rules
5. Spending insights & analytics
6. Budgeting tools
7. FD/RD booking
8. Customer onboarding (video KYC)

**5. InsurTech**

1. Insurance comparison & selection
2. Personalized policy recommendations
3. Policy issuance & document management
4. Claims processing & tracking
5. Premium reminders
6. Embedded insurance with other services (e.g., with a loan or travel)

**6. Analytics & Risk Management**

1. Customer segmentation
2. Credit risk modeling
3. Income/expense analysis from bank statements
4. Fraud detection & real-time alerts
5. Regulatory reporting (RBI, SEBI, IRDAI, etc.)
6. Transaction monitoring (AML/CFT)

**7. Core Platform Capabilities**

1. API gateway & integration layer
2. Customer onboarding engine
3. CRM and support ticketing
4. Consent management & data privacy (GDPR/DPDP compliance)
5. Notification engine (SMS, Email, Push)
6. Audit logs & activity tracking
7. Role-based access control (RBAC)
8. Cloud-native, scalable architecture

**8. Advanced Capabilities**

1. AI/ML Models: for credit scoring, fraud detection, churn prediction
2. Chatbots/Voice Assistants: for customer queries
3. Blockchain/Smart Contracts: for decentralized finance (DeFi), KYC, or cross-border settlements
4. BNPL (Buy Now Pay Later): for consumer financing
5. Embedded Finance: integrating financial services into non-financial apps (e.g., loans in e-commerce)

# Business Problem

# Currently, the platform suffers from **long manual approval cycles**, **inconsistent credit decisioning**, and **high operational costs**. Additionally, customers have reported **poor experience** with the **legacy loan processing** system.

# Proposed Solution

This project proposes the development and deployment of an **automated loan approval** engine that leverages **rule-based logic** and **credit bureau integrations** to **streamline the loan lifecycle**, **reduce manual intervention,** and **drastically cut down turnaround time.**

# Key Stakeholders

1. Loan Applicants / Borrowers (Customers)
2. Credit Underwriting Team
3. Loan Officers / Relationship Managers
4. Compliance & Risk Team
5. IT & Operations Team
6. Third-Party Vendors (Credit Bureaus, KYC, Payment Gateway)

# Key Functional and Non-functional Requirements

Functional Requirements:

1. **Loan Application**
2. Digital onboarding (web/mobile)
3. Loan type & amount selection
4. Dynamic form filling
5. Uploading documents (KYC, income proof, etc.)
6. **KYC & Identity Verification**
7. eKYC via Aadhaar/PAN (India context)
8. Facial recognition / document OCR
9. Integration with UIDAI or other third-party KYC vendors
10. **Credit Assessment**
11. Credit score retrieval (via Experian, CIBIL, etc.)
12. Bank statement analysis (via APIs like Perfios/FinBox)
13. Risk profiling using income, liabilities, and spending
14. **Automated Loan Approval**
15. Rule-based engine for eligibility & creditworthiness
16. Decision trees or scoring models
17. Instant approve/reject/flag for manual review
18. SLA: approval within seconds or minutes
19. **Loan Offer Generation**
20. Personalized loan offers
21. Auto-calculated EMI plans
22. Digital acceptance of terms and e-signature
23. **Loan Disbursal**
24. Integration with bank APIs or payment gateways
25. Disbursement tracking & notification
26. **Repayment & EMI Tracking**
27. EMI calendar setup
28. Auto-debit setup (NACH, UPI, cards)
29. Reminder alerts & payment tracking
30. **Dashboards & Reporting**
31. Admin dashboards for approval trends, delays, NPA risks
32. Borrower dashboard for application tracking
33. **Compliance & Security**
34. Audit trails
35. Regulatory reporting (RBI, etc.)
36. Secure data handling (encryption, consent management)
37. **Exception Handling or Manual Review Cases**

If risk score is inconclusive or fraud flags are raised, the system should route the application to a manual review queue.

Non-functional requirements:

1. System response time expectations (e.g., loan approval decisions within 3–5 seconds)
2. Uptime/availability SLAs (e.g., 99.9%)
3. Scalability expectations (e.g., able to process 10,000 applications/day during peak periods)
4. Mobile-first UX
5. Role-based access control
6. API-driven architecture
7. Data privacy compliance (e.g., GDPR, DPDP)

# Success Matrix

1. 90% of new customers complete loan application digitally.
2. 60% reduction in manual processing workload within 6 months.
3. Reduce TAT (Turnaround Time) for loan approval to < 5 minutes
4. Increase straight-through processing (STP) rate to 80%+
5. Improve customer acquisition via frictionless onboarding
6. Maintain default rate below benchmark threshold (e.g., < 2%)

# Possible Constraints

1. Regulatory constraints (RBI/SEBI norms)
2. Integration delays with third parties
3. Data quality from applicants
4. Need for fallback in case of automation failure
5. Data bias risks in automated decisions
6. Customer digital literacy levels (especially for mobile-first use)

# Assumptions

Credit bureaus and bank APIs are assumed to be accessible and stable during implementation.

# Out of Scope

This project does not include merchant lending, BNPL, or cross-border credit processing.