

## Executive Summary

In today's fast paced business environment, banks operating in retail space require a change resilient vertically integrated value chain for delivering the most competitive products and services. This need is redefining the boundaries of a banks value chain creating greater thrust for this value add, right from the lowest end of the delivery channels. In the loans and advances product space, this requires an integration strategy right from Sourcing, Evaluation and Servicing to Collections, Recoveries and Write-Off Management. This case study elaborate the delivery capability of a bank, operating in retail loans space which is faced with challenges of rapid changing products and business processes and also to handle large transaction volume handling due to high business volumes.

This case study focuses on the business challenges faced by one of the largest bank having 3000 concurrent users and with over 3 million customers worldwide. The bank needs to implement a business process with the needed level of automation and to build up service capability for tapping a nationwide market for Loans & Advances business of secured and unsecured portfolio.

## Statement of Purpose

The bank was aggressively seeking to become the leader in the banking & financial services space in India amongst the largest private banks in the retail-banking segment. To implement the same, the bank tapped the retail banking space by offering various deposit as well as loan products. The lending side of their business offered loans for automobiles finance, housing loans, personal loans, finance against securities and other hire-purchase loans.

The bank has a nationwide sourcing of loans applications through a mix of branch and Direct Selling Agent (DSA) network. They have also appointed a number of Field Investigation / Contact Point Verification Agencies to provide the geographical coverage for field investigation for the sourced applications. They also have a large automobiles dealer network as business partners, who act as sourcing channel for auto loans.

### Critical to Success Needs:

*Strong Product Configuration Capability:* The bank needed a lending system, which could enable the bank to launch innovative products across the facility types of Home Loans, Personal Loans, Auto Loans, etc. The system should be able to provide for diversified product offerings for Secured as well as Unsecured Loans.

*End-To-End automation; Origination-To-Termination:* The solution should be able to completely automate the loan origination upto the loan servicing functions upto, the termination such as

- Application Data Entry
- Field Verification
- Policy Check
- Document Management

- Disbursement
- Billing
- Accruals.
- Foreclosure
- Part-payment / Rescheduling
- Termination
- Limit Management against securities

*Integration with Numerous Support Systems:* Since the technology adoption at THE BANK had a wide spectrum, the proposed solution was required to interface with a wide range of disparate systems such as Oracle Financials, CIF, SAP, Collect Now, and Finnacle. It was critical for the system to accurately exchange information with the numerous systems with zero data integrity issues.

*Seamlessly Business Partner Integration:* Due to the nationwide business partner presence, the bank needed the system to provide integration capabilities with these business partners through certain standard interfaces.

*Geographical Coverage:* The bank had a nationwide spread of DSA and Dealer network. The front office part of the system required for providing basic application data entry and other sales tool, were required to be made available within the corporate WAN network as well as limited access to these functions over the internet in a secured way.

*Strong MIS and Reporting:* The bank also needed a strong MIS and Reporting system, to track the exposures under various product lines on geography wise, DSA wise, Industry wise, etc. Along with the same, the bank needed reports on the health of the portfolio by classifying NPAs, etc

## **Solutions Framework**

Nucleus Software offers products for the automation of end-to-end servicing needs for Asset as well as Liabilities side of the business. The flag ship product of Nucleus is FinnOne™. FinnOne™ is a powerhouse of seamlessly integrated software modules built with the objective of providing operational and decision-making support to all the business lines of Banks and Financial Services Companies.

## **Nucleus Offering**

The following components of the FinnOne™ suite were a perfect fit to the solution framework for THE Bank:

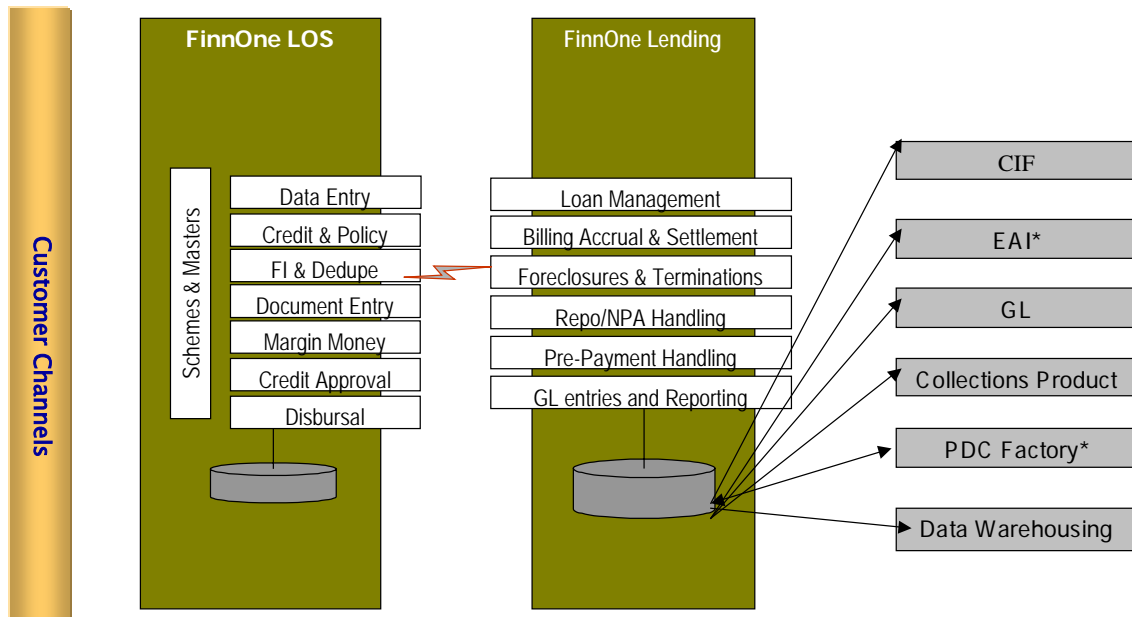
- FinnOne™ Loan Origination System - FinnOne™ LOS automates and manages the complete application processing flow of any retail finance instrument. It serves as an effective tool to enable retail finance organizations to bring the best out of their loan approval processing

mechanism and compliment effectively their existing lending systems by serving as an open standard, scalable, high-volume transaction system.

- FinnOne™ Lending - FinnOne™ Lending assists Banking and Finance companies in introducing new product offerings and tailor made schemes, reducing time-to-market and automating processes so as to provide a distinguishing factor within the retail loan space and hence providing support to all the asset side business lines of Banks and Financial Services Companies. It is currently controlling personal, housing and auto loans and hire- purchase. It interfaces with Oracle Financials, CIF, SAP, Collect Now, Finnacle PDC Factory & Data warehousing for all accounting, accrual functions and other functions. FinnOne™ uses the accounting template interface, which seamlessly integrates all these modules to the Core Oracle Financials. Currently Lending is being used by 2000 concurrent users.
- FinnOne™ FAS - covers all the essential functionality required for running a successful finance against shares business.
- FinnOne™ Repayments - uses a combination of postdated cheques, standing instructions and cash to settle the customer's repayments.
- FinnOne™ Cheque Printing System – is used for printing cheques and maintaining cheque inventory.

In the current system solution, the Loan Origination System captures the application details from the various direct selling agents and Dealer network. The applications are processed under the various product offerings and evaluated as per the subsequent credit policy defined for that loan product. Approved application moves into the Loan Management system for servicing and other processing needs. The system maintains a unique customer identifier across the system by maintaining a common customer information file. The post dated cheques collected against the repayment of the loans disbursed, are managed in the PDC factory. The Post Dated Cheque Management System (PDCMS) module of FinnOne™, manages the presentment of these cheques based on the billing dates. The diagram below shows the functional presentation of the proposed solution:

## Nucleus Solution to Bank



## Benefits of the Solution Framework

Some of the key benefits of the implemented solution are:

- **Quick-To-Market product implementation:** The system supported the bank to launch various competitive and innovative loans product for the various retail financing needs under Housing Loans, Personal Loans, Auto Loans and Finance Against Securities.
- **Fully automated Activity Chain for greater value-add:** The activity chain for the retail lending side of business was completely automated with the help of the system. Right from the application entry to Credit Appraisal, Disbursement, Repayment, PDC management and upto termination, was completely automated.
- **Seamless Integration with other systems:** The system was seamlessly integrated with a range of existing application ranging from ERP applications to Core Banking Suites.
- **Global Accessibility:** The system provided loan origination over pure web technology using J2EE architecture. The application provided light interface using pure HTML, which could be hosted over a public IP address and can be accessed using even a dial-up connection to the Internet. Access to the application, is managed by the strong security shell of FinnOne™.