



Enabling Efficient and Secured Debt
Collection With Religare Fininvest Ltd.

A NUCLEUS SOFTWARE CASE STUDY

Industry Scenario

The Indian financial industry has witnessed consistent growth during the last decade, with banks and financial organisations along with their customers embracing robust systems and processes. Financial institutions continue to invest in new technologies across business processes to improve their operations & service delivery.

In India, the pervasive growth of easy financing options has led to the rise of dynamic operational challenges for debt collection & management wings within financial institutions. With a wide and varied customer base, these companies are constantly improving their debt collection activities through adoption of the latest technology based systems & processes. Field Debt Collection is a practice mainly followed in developing countries where financial institutions empower a loan recovery officer (who may be an employee of the financial institution or an employee of an outsourced agency) to collect the debt on behalf of the institution. This practice is generally a paper based process. The collector carries information of delinquent accounts on a piece of paper, together with receipt books, to issue payment acknowledgements.

Key challenges being faced by collection agencies include untrained personnel, both in soft skills and legal issues and a strict and cut throat environment which results in pressure on the financial institutions to keep their loan portfolios profitable.

Business Context: Business needs at Religare Finvest Ltd.

RFL manages debt management & collections through an in-house system for a growing portfolio of around INR 11,308 crores with a net NPA ratio of 0.76% (As on March 31, 2013).

About Religare Finvest

Religare Finvest Limited (RFL) a subsidiary of Religare Enterprises Limited (REL) is a Small and Medium Enterprise (SME) financing focused NBFC. With a wide network of branches and ISO certification 9001:2008, RFL is committed to providing debt capital to power the growth of the SME's which constitute as the backbone of India's economy. The diversified suite of lending solutions include:

- ▶ SME Mortgage Loans
- ▶ SME Working Capital Loans

The company also runs a retail capital markets financing business which includes Loan Against Marketable Securities.

RFL understands that each financial need is unique and offers customized solutions to empower the customer to prosper. With a belief that the customer's success is their success, its presence in 25 branches across all major cities plays a vital role in nurturing the customers business while growing to a book size of over INR 11,308 Crores. (As of March 31st 2013) .

About Nucleus Software

With over 26 years of experience, Nucleus Software is one of the rare India based IT organizations which offers world class software products for the banking and financial services sector. Its value-based culture underpins in everything it does and is consistent across its global operations.

The Research and Development team at Nucleus Software works on continuous innovation and relevant technologies to develop robust software products and solutions which exceed customer expectations across the globe. With its flagship product FinnOne™ continuing its run as an international frontrunner consecutively for 5 years, Nucleus Software has path-breaking new products in the pipeline. We also offer solutions such as BankOnet™ and Cash@Will™.

To aid this process, RFL has a call center team which supports the recoveries function. There is, also, a large field collection team, comprising of field/sales personnel and collection managers, which is spread across more than 50 locations.

Debt collection has been identified as a critical business process where a friendlier and easier approach could result in improved customer satisfaction and loyalty. The choice of an IT product partner was critical for Religare Finvest, along with the operational efficiencies, to ensure a smooth and efficient collections operation.

Since 2009, Nucleus Software's award winning FinnOne suite has been the backbone empowering Religare Finvest's lending operations. Nucleus Software adopted Religare Finvest's objective of streamlining debt collection operations as its own goal.

Pre mCollect Scenario: Key Challenges

Using a collaborative approach, Nucleus Software worked closely with Religare Finvest to identify the key challenges which has to be addressed. The key challenges identified post studies were:

1. Delays in Data updation & Validation:

With teams working out of various geographies, paper trail tracking came up as an issue that, in turn, made data validation a major hurdle. In the past, collating validation fields such as PAN card number, instrument/reference number, data types/pattern validation and others was a difficult task. There were instances where reconciliation issues rose when a single cheque from a customer with multiple loans was submitted.

2. Risk of Float Money in the System :

A key challenge was the risk of float money in collectors' hands. The unpredictable time taken by

collection agencies to physically deposit cash was a key issue to solve.

3. Operational Challenges:

Religare Finvest Ltd faced operational inefficiency due to the manual and paper based collection system. Receipt books based on manual inputs resulted in errors like wrong agreement number, ineligible data, carbon copy impression quality, etc. There was a perpetual risk of loss of manual receipts books which are controlled financial documents. The impact of such a loss can result in operational hassles.

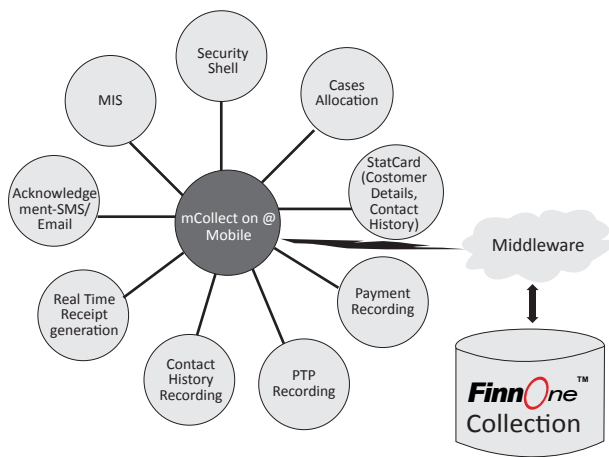
Basis the analysis, a mobility based solution was recommended as best fit given the challenges. Nucleus Software's FinnOne mCollect, the mobility collections solution offers several key features that has been designed to integrate with any base system. The application is compatible on Android, Blackberry, Symbian and Windows platform and capable of working on devices like mobiles and tablets.

Solution Offered: FinnOne mCollect



For Religare Finvest Ltd, Nucleus Software implemented its out-of-the-box mobile version of its FinnOne mCollect solution which has proven successful in delivering significant operational & cost benefits to the banking industry.

The solution is targeted at Field Collectors (For receipt recording, contact recording), Collection Agencies (For Receipt tracking and processing) and Bank Officials (Float money tracking, Receipt recon, Foreclosure simulation). The Mobile application interacts with Base Central collection system on a 'Real- Time' basis using GPRS/ Wi-Fi and is also capable of running offline application processes.



Mr Gurinder Singh Sehbey, President & Chief Operating Office, Religare Finvest, states:

“Religare Finvest is focused on building a best of breed Small and Medium Enterprises(SME)-focused lending business model and is constantly seeking innovative methods to reach to our ever widening customer base . With the pervasive nature of mobility in India coupled with our nationwide reach, the mobility platform for collection operations was a natural corollary”.

Implementing mCollect:

Religare Finvest’s successful implementation of Nucleus Software’s FinnOne mCollect has created a fast, efficient and a paperless system; empowering the collection agents to access the much needed information instantaneously and achieving end customer satisfaction.

With FinnOne mCollect from Nucleus Software,

Religare Finvest Ltd benefited on multiple fronts with an efficient and holistic Loan Servicing and Collection software:

1. Deployment Compatibility:

Nucleus Software highlighted that the product, FinnOne mCollect, will be best supported on the environment on which it had been thoroughly tested. Religare Finvest strongly considered the recommendation and provided the desired Web Server environment in the form of Apache Tomcat Version 7.0 to the Nucleus Software mobile development team to deploy the application.

2. Handset Compatibility:

Nucleus Software suggested an investment in newer handsets with which the application was compatible to increase the efficiency quotient. RFL went ahead with the suggestion which resulted in leveraging the product functionality in an environment that was ideal.

3. Product Customization:

RFL’s requested customizations were not only implemented, but were also parameterized and included as parts of Nucleus Software’s core FinnOne mCollect product.

mCollect: Values Delivered

Apart from value-adds like higher security features and multiple OS support with FinnOne mCollect from Nucleus Software, Religare Finvest Ltd benefited on multiple fronts with an efficient and holistic Loan Servicing and Collection software.

Mr Rajesh Bhatia, Senior Vice President & Head of Information Technology, Religare Finvest, said:

“A secure, easy to implement and scalable solution was our requirement. The Religare Finvest – Nucleus Software team worked hand in hand every step in adopting mobility solutions to our requirements. The pilot phase, while successful, gave us a lot of insights in operational implementation which was incorporated in our eventual national rollout”.

1. Operational Efficiency & Monetary:

In the last 6 months, mCollect has seen over 90% penetration across the Religare Finvest Ltd field collectors team with over 25,000 payments collected on this mobility solution. In monetary terms, the per receipt cost came down to just 30% of prior expenses. This product has enabled a virtually paperless operation therefore eliminating the need for managing receipt books.

Nucleus Software recognized that correct, instantaneous receipts could ensure accurate status of customer outstanding, transaction records and streamline collection operations for RFL.

2. Real time payment updation-Reduced Errors & Faster Follow Ups:

With FinnOne mCollect, RFL has minimized human errors as the captured information is editable. Users now have access to an instant MIS to track the cash collected and follow up schedule. Chances of collection have increased significantly as queries raised by customers can be addressed instantly in contrast to earlier situations where such un-resolved queries were leading to non-collection till the queries get resolved.

3. Enhanced collection efficiency- Overall TAT improvement by 1-2 days:

Advanced technology adoption has enhanced collectors' confidence and the organization's brand value. The collectors reported a 'Positive and enthusiastic experience' after using the FinnOne mCollect application. A TAT of 5-7 days in delivering SOA / FC reduced to Zero due to the online features, with more improvement expected in future.

4. 85% reduction in Float money in the system:

Risks due to losing manual receipts have been mitigated. There is no longer any need of filing FIRs,

newspaper publication and other compliance related activities for lost receipt books. By increasing control on float money, the risks involved have reduced dramatically.

5. Customer Satisfaction increase with instant Issuance of receipts:

With all customer queries solved at their doorsteps, this solution ensures higher customer satisfaction. Instant SMS/Email and Religare Finvest personalized payment receipts brought about and built a trust. With such personalized services being offered, some customers have become more inquisitive to know the latest information on their loans. Customers now do not hesitate to pay in cash, because (s)he gets instant SMS and email coming from RFL directly.

5. Employee empowerment through hand held device:

Streamlined operations, hassle free collections and easy to use technology solutions have greatly empowered the RFL collection team.

Mr Sharad Agarwal, EVP & Head of Operations and IT, Religare Finvest, commented:

"We are extremely happy to have collaborated with Nucleus Software. mCollect, a cost effective, easy to use solution has been implemented in a quick time frame which has resulted in enhanced customer experience. 90% penetration within first few months is a clear example of user acceptance of this initiative".

The Nucleus Software Advantage:

Partnering with Nucleus Software has, offered RFL a significant edge in serving its end customers. Nucleus Software comes with a set of differentiated advantages which makes it a preferred partner in this industry, across geographies:

- Deep understanding of collection function of the financial organisation, which goes in product creation, solution implementation and post implementation support
- Seamless integration with the base FinnOne Collections Module
- Unmatched features like floating money MIS, online SOA & FC (reading directly from FinnOne LMS)
- Off the shelf solution, amazingly fast implementation
- A dedicated Mobile product and support team
- Mobile product roadmap with strategy to keep the product enriched in terms of functionality, technology and compatibility of various mobile OS versions and models
- Our Flagship product FinnOne has been ranked the No. 1 Best Selling Lending Banking System for the 6th consecutive year. (by IBS Publishing, UK)
- Global recognition for corporate governance practices - Awarded by World CSR Congress and World Finance

Mr. Ravi Pratap Singh, President & Head, Global Product Management at Nucleus Software shares:

“Our partnership with Religare Finvest goes back to 2009, when Nucleus Software’s Lending solutions were implemented for its Retail loan operations. With the implementation of the FinnOne mCollect solution, we have strengthened our relationship with RFL. We are motivated by the significant business value, increased operational efficiencies, reduced risks and the ‘wow’ end-customer experience that mCollect has delivered. We are confident that this collaboration will reach greater heights”.



Religare Finvest Ltd.

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