

Trend Report

Q4 2023

# Next-Gen Debt Collection Systems

## Growing Importance of Collections



in collaboration with



**IBS intelligence**  
Global FinTech Perspectives



**NUCLEUS  
SOFTWARE**

## About IBS Intelligence

Established in 1991, UK-headquartered International Banking Systems (IBS) Intelligence (IBSi) is the world's only pure-play Financial Technology (traditional and new-age) research, advisory, and media firm, with global coverage, and a 360° portfolio of intelligence offerings.

For over 30 years, IBSi's expert teams have delivered independent, in-depth, actionable insights, with a laser focus on everything from Financial Technology to the global banking, consulting, technology, and institutional investor world.

As an Analyst firm, we take pride in covering 2,000+ FinTech vendors in-depth globally – the largest by any global research firm in this space. IBSi's iconic annual Sales League Table has been the industry-acknowledged barometer of global Financial Technology vendor performance for 20+ years, covering 100+ leading technology participants from 150+ countries across 20 system types. Every year our FinTech Lab in Dubai brings banks and global technology vendors together with a common goal of fostering collaboration and innovation within the GCC region.

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## Nucleus Software Exports

Nucleus Software powers the operations of more than 200 Financial Institutions in over 50 countries, supporting retail and corporate lending, corporate banking, cash management, mobile and internet banking, automotive finance, and other business areas. With a global presence, Nucleus Software headquartered in India has offices and subsidiaries in multiple countries, including the United States, the United Kingdom, Australia, Japan, Singapore, and Dubai. This extensive network allows them to provide localized support and services to their clients worldwide.

### Company overview

Nucleus Software is one of the key providers of lending and transaction banking products to the global financial services industry. As a pioneer in retail and corporate banking software since 1986, they combine deep expertise with an unprecedented track record and a total commitment to building lasting partnerships with their customers. Nucleus Software has worked with big banks/financial institutions, for example, multi country implementation of collections & mobility suite at CIMB. Nucleus Software caters to a diverse customer base across banks, non-banking financial institutions, SMEs, and financial technology companies. They have established strategic partnerships with global technology firms to deliver integrated solutions and expand their market reach.

#### Key Facts

**Founded:** 1986

**HQ:** Noida, India

**Staff:** 2000+

**No. of Clients:** 200+

**Select Clients:** ICICI, HDFC, DCB Bank, Viet Credit, Finova Capital, Mannapuram Finance Ltd, Roha Housing Finance, Shubham Housing Development Finance Company, Autotrac Finance Limited, SK Finance.

**Email:** [sales@nucleussoftware.com](mailto:sales@nucleussoftware.com)

### Key Recognized Solutions

Nucleus Software is known for their world-class expertise and innovation in lending, debt collection and transaction banking technology, their two flagship products are:

1. **FinnOne Neo™**, a next-generation end-to-end digital lending product to help deliver tomorrow's lending.
2. **FinnAxia™**, an integrated global transaction banking solution used by banks worldwide to offer efficient and innovative global payments and receivables, liquidity management and business internet banking services.

### Overview | FinnOne Neo™

The FinnOne Neo™ Collection System is designed by Nucleus Software in a way that supports multiple corporate & retail line of businesses. FinnOne Neo™ Collections is a next-generation platform that empowers Financial Institutions with multiple layers of extensive collections strategies, an automation-ready framework, and ready digital APIs for quick interfaces. FinnOne Neo™ Collections supports end-to-end customer follow-up activities and communication, highly configurable and customer centric, thus providing a 360-degree customer exposure view to collection teams. It supports three lines of businesses: Loans, Credit Cards, and Overdrafts. The suite helps digitize the complete loan lifecycle end to end supporting both cloud and on-premises deployments. The system handles complete loan lifecycle by offering dedicated stacks for Customer Acquisition, Loan Management,



Delinquency Management, Collateral Management, Digital Channels & Enterprise Content Management.

FinnOne Neo™ Collections is fed data from the core system. The data can be of delinquent customers and, also that of pre-delinquent customers for activities like sending EMI alerts in advance, etc. this way it helps in reducing defaults. The data can either be uploaded in a fixed format via File Upload or it can be entered in any format in the staging area and FinnOne Neo™ Collection System will pick up data from there in its required format. The product also offers 2 types of refreshes for the system which are:

1. **Full refresh** - where the system can be configured in advance for a complete refresh at desired frequencies which can be 15 days or a month.
2. **Cycle refresh** - which follows the due dates of the accounts at BOD process and refreshes the system. This is basically reallocation and reclassification in terms of the strategy of the defaulting cases.

FinnOne Neo™ Collection System supports classification of cases into Queues as per rules defined on parameters like DPD, Region, POS, Branch etc. The system consists of four pre-defined collection strategies: 1 Champion & 3 Challenger Strategies.

These strategies are active or inactive based on their percentages defined in the system. The Neo system also supports evaluation of any challenger strategy on a specific portfolio, against the champion strategy and if the challenger strategy is more beneficial, it can replace the champion strategy.

### Key Features of the Debt Collection System | FinnOne Neo™

1. **Dynamic Customer Centricity:** Customer 360° view for tele callers and agents to view customer data and mark action codes for the next steps. Agents/tele callers can mark customer preferences, have options of customized multi-lingual calling scripts and options to put case on hold.
2. **Workflow Configuration:** Legal, Repossession and Settlement modules now support the workflow editor features thereby allowing the implementation team to add new stages and reordering of available stages within the workflow. This can help in improving the operational efficiency of the user and further enhance the user experience.
3. **Rule Based Engines for Precision & Automation:** Rule-based engines help banks & financial institutions with better classification and precision.
4. **Delinquency Management with Composable Architecture:** Unlock the power of digital collections – smart, composable solutions with automation ready frameworks and 68+ ready digital APIs.
5. **Pre-Delinquency:** With FinnOne Neo™ integration banks/financial institutions can identify cases that fall under the pre delinquency with automated debt management and tracking system.
6. **Legal Collection:** FinnOne Neo™ provides its clients with a workflow based digital collection module to cater to various stages of a legal workflow. The Legal Collection module provides the facility to calculate TAT of each stage along with escalation basis calculated TAT. The system also allows the user to mark any account on hold during legal proceedings.
7. **Communication Management:** All communication can be tracked via AI assistance using the screen with all details available.

8. **Metadata & Reports:** The application uses the concept of metadata to generate multiple reports to check effectiveness of formulated & implemented strategies.
9. **Auto Dialer Support:** FinnOne Neo™ allows banks to leverage the capability of integrating with third party Auto Dialer Systems to ease out calling operations.
10. **Payment Gateway Interface:** Ready interface available with payment gateways to generate a payment link that can be sent to customers to receive required payment as per the end user's comfort. The borrower can repay using multiple modes of payment.

### Key Strengths

1. **Richer Functionality:** FinnOne Neo™ retains best of existing functionality and provides additional features in almost every functional area. Nucleus Software follows a specific release cycle, making sure customers get all the recent and new age solutions and keep up with the domain related initiatives. Leveraging new age user interface enhances user productivity due to light and modern user interface.
2. **Omnichannel Communication Capabilities:** Key functionalities for field operations are available on mobile such as accessing case details, payment collections, follow up capturing, etc.
3. **Flexibility:** Flexibility in adopting specific and dynamic business requirement by a powerful policy framework and multiple options definable at installation
4. **Operational Efficiency:** Nucleus Software has observed immense operational efficiency through:
  - a. User-based Flexibility for single screen touch point or Bulk operations
  - b. High availability BOD design
  - c. Capability to configure search screens.
5. **Reporting & Communication:** Nucleus Software possesses the capability to design reports communication & manage their generation, delivery, logging, etc.

## Recent News & Developments

2023

Mahindra Finance has partnered with Nucleus Software to adopt their flagship product FinnOne Neo™ which will assist in strengthening the backbone of Mahindra Finance for scaling up. With its plug-and-play features, the product has the technological capability to link with partner eco-systems through various FinTechs. The partnership will seek to enhance the employee experience of Mahindra Finance's Backoffice and operations teams, leveraging the capabilities of FinnOne Neo™ LMS and FinnOne Neo™ Collections.

2023

**Multi-host BOD run options with different configurations-** Number of rules can be defined for BOD process BOD can now be run separately for different criterias allowing flexibility to the business to run at different times to optimize efficiency. Additionally, BOD file size can now split large size BOD file into multiple files after checking the size of the BOD file

2023

**Personal Visit Records-** In FinnOne Neo™ Collections system new Menu/Screen has been introduced on tele caller (OneView) screen wherein all Personal Visit Records related details can be displayed. A direct menu option is available where user can capture the contacted at details for the delinquent customer. Same details will be visible in summary section the tele caller which gives crisp information about contacted at details. Allowing the visibility on the visit records helping business be ready for evaluating and changing the follow up strategy

2023

**Restricted Payment Recording -** FinnOne Neo™ Collections provides capability to restrict amount collection against individuals while doing charge wise payment collection. This helps in Fraud prevention and cash leakage especially in rural areas. The number of receipt generations can also be restricted at individual level.

2023

**API Integration of all account details-** This helps to fetch the list of all related account basis on searched request, helping the collections team get visibility on all the accounts of the customer.

2023

**Controlled Level Search & Uploads Authority-** System supports searching cases within/cross & down (Unit level me & down) / anyone in the hierarchy, giving visibility and transparency to the entire team.

2022

Opel Vauxhall Finance, the automotive finance captive organisation of Opel and Vauxhall, supported by Stellantis and BNP Paribas announced the going live in Spain of Nucleus Software's flagship lending product, FinnOne.

## IBSi View

1. When it comes to the lending systems arena, Nucleus Software, based in India, stands as a seasoned industry leader. Its FinnOne Neo™ suite transcends conventional boundaries, encompassing a wide array of retail and commercial lending categories. From specialized areas like Auto finance, Home finance, Credit cards, and Personal loans to diverse Line of Business (LOB) needs, FinnOne Neo™ is a versatile powerhouse. Moreover, it offers a rich assortment of mobility modules and applications that can seamlessly complement the core lending platform or serve as standalone solutions.
2. Nucleus Software's influence extends across borders, with a firm grip on its domestic market as well as strong footholds in Latin America, Southeast Asia, Japan, the Middle East, Africa, Europe, and Australia. With a proven track record and user trust spanning the globe, it's clear that Nucleus Software's solutions are universally respected and embraced.
3. Nucleus Software delivers an entire spectrum of financial services. Whether you are a traditional financial institution or an agile NBFC or MSME. Its offerings span lending, transaction banking, digital channels, business analytics, and more. Your institution's success is Nucleus Software's mission.
4. FinnOne Neo™, built on an advanced technological foundation, represents the zenith of digital lending solutions. It empowers both corporate and retail lenders with unparalleled business agility. With FinnOne Neo™, you can drive innovation, digitize every facet of your workflow, and drastically reduce risk across the entire loan life cycle. From origination to servicing and collections, FinnOne Neo™ is your steadfast partner. The comprehensive portfolio encompasses specialized solutions for loan origination, servicing, collections, enterprise content management, collateral management, document management, lending analytics, and digital channels.
5. Nucleus Software's collections system offers an extensive array of options for bulk uploads, along with dedicated modules for legal actions, repossession, and skip tracing. When it comes to comprehensive collections solutions, Nucleus Software sets the gold standard, leaving no room for compromise.

## Case Study: Nucleus Software & SK Finance



### Vendor

### Financial Institution

SK Finance's Debt Collection Transformation Powered by Nucleus Software's FinnOne Neo™ Collections.

### Key Facts



Financial Institution: SK Finance Ltd.



Founded In: 1994



Headquarters: Jaipur, India



Operational Presence: India



Technology Partner: Nucleus Software Exports Ltd.



Headquarters: Noida, India



Solution Implemented: FinnOne™ Neo Collections



Timeline: 8-10 Weeks



## Introduction

FinnOne Neo™ Collections & Recovery Management System developed by Nucleus Software provides Debt Management capabilities to Financial Institutions and supports businesses to manage delinquency in their portfolio. The FinnOne Neo™ Collections System focuses on tracking and managing both delinquent and non-delinquent customers. The system helps Financial Institutions minimize delinquency through a series of proactive actions and tighter supervision. The system manages the entire collections lifecycle from soft calling of non-delinquent customers to tackling hard bucket collections, including follow up on legal cases till their final closure.

## The Customer

SK Finance Ltd was founded in 1994 and is a systematically important – Non Deposit Accepting Non-Banking Financial Company (NBFC) registered by the Reserve Bank of India (RBI) with a vision to become the most preferred employee friendly finance company, and an aim to provide last-mile coverage all including unbanked customers, by providing timely financial support with empathy, trust and technology. An almost two-decade old NBFC has successfully remained relevant by adapting to the changing scenario by leveraging the latest tools and technologies to deliver innovative financial solutions. The relationship between SK Finance Ltd and Nucleus Software Exports Ltd goes back to the year 2017, when Nucleus Software was chosen to be the digital transformation partner of the company. SK Finance Ltd. witnessed a tremendous growth since then by breaking the barriers and climbing new heights every day. The net worth of the company increased manifold starting from Rs. 206 Cr in 2017-18 to Rs. 1834 Cr in 2022-23. The Gross AUM surged from Rs. 1282 Cr to 7378 Cr in 2022-23. The Net NPAs (non-performing assets) have significantly reduced to less than 2.5% which substantiates the strong collection ecosystem of the company.

Both Nucleus and SK Finance are customer centric and exemplifies a robust and unwavering commitment to their core values.

## Implementation Process

Nucleus Software has been a trusted technology partner for a long-time enabling the digital transformation of SK Finance Ltd., strengthening and digitising its collections process and implementing the powerful collections suite called FinnOne Neo™. The aforementioned platform was deployed in a period of 8-10 weeks with the suite comprising of varied platforms, Finn One Neo™ CAS (Loan Origination Software), mCAS (LOS Mobility app), LMS (Servicing) & Collections with mobility app - mCollect. The NBFC has effectively employed the solution across all its products and services. Nucleus Software has always provided assistance as and when requisitioned and also facilitated the data migration of more than 70,000 loans.

## Challenges

**Inefficient and Scalability Issues:** With the increase in volumes and rapid credit growth, SK Finance Ltd. felt the need to have a holistic solution in place which can cater to all the requirements and serves as a one stop application facilitating integration and easy communication across all channels. The then technology eco-system did not support the requirements of SK Finance and therefore they resorted to Nucleus software for catering to their needs.

**Manual Processes and Operations:** Before deployment of Nucleus Software's suite, SK Finance was using manual approach for identification of delinquent cases, allocation of cases to collection executive, issuance of collection receipt to customers etc. which was time consuming and led to lower productivity as well. By using FinnOne Neo™, SK Finance is just a click away from executing all the tasks.

**Limited Ability to Target Delinquent Customers:** Manual processes always have a gap and a risk of inaccuracy. With the use of FinnOne Neo™, the Company is now able to identify pre-delinquent accounts accurately and in a timely manner thereby deploying effective recovery strategies.

**Lack of Real-Time Information:** Before adopting FinnOne Neo™, SK Finance Ltd. could only access limited information such as total collection amount and assets lying in the stock-yard at the end of day. Lack in update of real-time data was a huge obstacle in strategic decision making and hindered optimal asset management of the Company.

**Impact of the Covid-19 Pandemic:** As the COVID 19 pandemic unfolded, the situation grew increasingly dire. In the face of significant spike in delinquencies, lenders found themselves grappling with an overwhelming burden in the realms of loan recovery and collections. Also, during this period, 90%-95% collections were received in digital mode which further increased the need for modern and structured systems which could automate and smoothen the collections process enabling lenders to identify potential failures ahead of time.

SK Finance Ltd. thus chose Nucleus Software Exports Ltd. to come up with a robust and fully automated collections system for its lending operations.

## Benefits Achieved

**Accelerated Growth in Operations:** Since the implementation of FinnOne Neo™, SK Finance Ltd. has experienced a remarkable growth in its operations. Notably, the receipts count captured through the collections suite and mCollect App has steadily increased year over year, with an impressive average annual growth rate of 15%. This demonstrates the system's effectiveness in boosting revenue collection.

**Enhanced Collections Management:** The utilization of FinnOne Neo™ has streamlined the collections process. Previously, manual collections required 3-4 hours of end-of-day processing, manual data repair, and case allocation. With the new system, these tasks are completed with a single click within minutes, resulting in improved efficiency and reduced manual workload. Additionally, the ability to target delinquent customers has become more effective and efficient.

**Increased Follow-Up and Repossession Success:** The collection suite has significantly improved follow-up procedures, generating 22% more cases than the previous year. Moreover, the number of cases where repossession was initiated has grown with 6% more cases being successfully settled under repossession. This indicates that FinnOne Neo™ has contributed to a more proactive approach in managing overdue accounts and recovering assets.

**Growing User Adoption:** The mCollect App has witnessed a balanced increase in user adoption, with an average annual growth rate of 10%. This trend underscores the user-friendly nature of the system and its ability to engage more staff in the collections process, thereby increasing efficiency.

**Cost Savings:** FinnOne Neo™, in conjunction with Nucleus Software's solutions, has enabled SK Finance Ltd. to reduce its operational costs significantly. Streamlining manual processes, automating collections and improving efficiency have all contributed to cost savings for the Company.

**Real-Time Insights:** SK Finance Ltd. is transitioning to real-time collection operations with the help of advanced analytics provided by FinnOne Neo™. This capability allows the company to quickly identify non-performing accounts, react promptly to market changes, and adapt to evolving customer needs. Real-time insights are also available for executive collections, ensuring that the company has up-to-the-minute information on its collection efforts.

**Data-Driven Decision-Making:** The analytics operations provided by Nucleus Software's solutions empower SK Finance Ltd. to identify trends by means of predictive analysis. This data-driven approach enables the company to take informed decisions and proactively address potential issues.

**Improved Asset Management:** The system has made asset management more efficient, providing easy access to information about assets in the stockyard in real-time. Previously, this data was only available at the end of the day, but now it can be accessed instantly. This feature enhances asset tracking and management, contributing to better decision-making.

In brief, the implementation of FinnOne Neo™ and Nucleus Software's solutions has brought about substantial improvements in the processes of SK Finance Ltd., including increased revenue, reduced operational costs, better collections

management, and enhanced decision-making capabilities. These benefits have positioned the company for unparalleled growth and success in the financial industry.

## Conclusion

With the help of FinnOne Neo™ platform, SK Finance House's loan portfolio has grown more than five times in from 2017, since its inception. The number of loans has also shown more than 50% year on year growth. The Net NPA (non-performing assets) have been reduced to less than 2.5%.