

Digitization – The Gateway To Growth In Lending

End-to-end loan lifecycle management

→ THE PROBLEM

At first glance the future looks very promising for Non Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) in India. The increased focus on digitization and the government's financial inclusion drive, along with high mobile and internet penetrations in India seem to be setting the scene for another expansion in their businesses. According to PwC¹, improving macroeconomic conditions, higher credit penetration and disruptive digital trends will allow NBFCs credit to grow at a healthy rate of 7–10% (real growth rate) over the next five years. NBFCs are eating into the banks' share of the credit market with their focused approach, helped by the banks' distraction as they continue to battle bad debts, which rose by a staggering 60% from 2013 to 2015.

However, there are some storm clouds gathering. FinTech companies have started gaining traction in India. Driven by innovative business models and a unique approach to providing access to services, they are making tremendous progress especially in areas such as peer-to-peer (P2P) and online lending. They have capitalised on an online or mobile-first strategy and speed by making credit available to customers in just 24 to 48 hours. According to a survey by PWC², customers seek superior customer experience - speed, transparency, multiple channels and customer service. The NBFCs and HFCs need to be ready to take advantage of the evolving market dynamics with digitization and automation capabilities. The question is how can NBFCs compete effectively with the new challengers? How can they deliver the experiences that consumers are demanding, across the channels they want, and how can they do it all profitably?

THE SOLUTION

Today's customer expects fast, seamless and hassle free access to loan services at a time, place and channel of their choice. They seek loan products that suit their specific needs, products that are available on their preferred channel and are offered to them with super-fast approvals. They look for a digital experience which is similar to the kind of experience being offered by other industries such as retail, travel and hotel. NBFCs need to adopt streamlined processes, paperless operations, workflow based automated decision making, and credit scoring powered by deep analytics to deliver as per customer expectations. The ability to rapidly launch targeted products, across all the channels

ABOUT NUCLEUS SOFTWARE

Nucleus Software is the leading provider of mission critical lending and transaction banking products to the global financial services industry. With three decades of expertise and experience, today, it powers the operations of more than 150 companies in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas

AWARDS**Celent Model Bank Award****2016**

Celent Model Bank Vendor Award

2014

ICICI Bank, India

2013

Vietnam Prosperity Bank, Vietnam

2010

HDFC Bank, India

2009

ICICI Bank, India

IDC Insights Award**2015**

DCB Bank, India

Asian Banker Technology Implementation Award**2014**

ICICI Bank, India

RBI Trailblazer Award**2013**

CIMB, Malaysia

FINNONE NEO

FinnOne Neo is the next-generation lending solution built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors for banks and financial service companies. The multi-channel solution which helps digitize the complete loan lifecycle end to end, supports both cloud and on-premise deployments. The solution handles complete loan lifecycle covering:

-  Customer Acquisition
-  Loan Management
-  Collections
-  Lending Analytics
-  Lending Mobility

customers demand, at price points they are willing to pay can help NBFCs focus on customers while driving efficiency.

FinnOne Neo, an advanced lending platform with Service Oriented Architecture (SOA) based design and Straight Through Processing (STP) capabilities helps digitize the entire loan origination process. Supported by a highly efficient credit decision making engine, the solution has been designed to improve “Time to Yes”, and shorten “Time to Cash”. FinnOne Neo’s pre-defined rules, policies, pre-configured masters, dynamic forms and easily configurable workflows help design and launch products in a matter of minutes. While applying for loan, customers simply fill in the details the website, or via the mobile app and easily upload digital versions of documents. Keeping in view the need for effective risk management, FinnOne Neo helps in automated credit decision making with comprehensive credit scorecards, based on inputs received from credit bureaus and historical information.

FinnOne Neo helps automate loan servicing while an integrated customer service front end provides a single window for bank staff to address customer service needs much faster. Omni-channel support and self service capabilities make access to information, service requests and payments processing more convenient and faster. The repayment scheduling engine improves flexibility, supports different frequencies and methods of interest accrual, pre-payment handling and interest rate changes. The built-in transaction policy engine brings flexibility in configuration and adoption of new business policies.

NBFCs and HFCs can minimize delinquencies through the efficient, automated tracking and management

of delinquent accounts. FinnOne Neo has been designed to optimize the entire loan collections lifecycle from soft calling of delinquent customers to tackling hard bucket collections, including the follow up of legal cases until final closure. Escalations can be easily configured using a dynamic rule engine to ensure maximum visibility and timely action, which not only helps maximise collections but also reduces NPLs.

MINI CASE - STUDIES

➔ A leading Non-Bank Financial Company in India, with total assets of more than \$7 billion and customer base of 20 million was looking to build a quality loan portfolio in housing and commercial finance segment. Using FinnOne, the Company achieved:

55%

INCREASE IN AVERAGE LOAN SIZE IN 5 YEARS

231%

INCREASE IN NET INTEREST INCOME OVER 5 YEARS

➔ A leading Non Banking Finance Company in India, operating in consumer and wholesale lending from more than 220 locations embarked on an aggressive growth plan for the retail segment and implemented FinnOne to put in place an effective mechanism for credit risk management.

80%

LOAN ORIGINATION COST REDUCTION PER CUSTOMER

62%

INCREASE IN PERSONAL LOAN BOOK SIZE (CAGR 2011-14)

Ref:

- 1- Non-Banking Finance Companies: The Changing Landscape
- 2- Fintech: Redefining banking for customers