

FLEXIBLE LOAN SERVICING SOLUTION TO ACCOMMODATE VARIOUS TYPES OF LOAN PRODUCTS



ABOUT THE CLIENT

Our client is a new entrant to the lending space in South East Asia. Founded by ex-Standard Chartered executives based out of Thailand, our client provides financial solutions that help underserved populations with Payday and other short-term forms of credit. The LendFoundry team got an opportunity to closely work with the client's COO, and CTO to understand their business plans and thus provide them with a solution to not just meet their current needs but also to accommodate their future initiatives.

BACKGROUND

The client had to integrate multiple systems from multiple vendors. The Loan Origination System was to be sourced from a different vendor. The Loan Origination System was to get inputs from an in-house mobile app. The LOS had to feed funded loan data to LendFoundry's Loan Servicing System.

There were requirements for different regulators that the client was reporting to. Thus the regulatory reports had to be in a specific format. Thus the client required a robust and flexible system that can adhere to the requirements.

Also, the client wanted to foray into providing loan servicing as a service to various other lenders and thus the platform would have to support multiple lenders' setups with data segregation.

Our client being bankers themselves had a clear overview of the pain points in lending and evaluated several solutions available in the market but they were unable to provide flexibility in configuration and accommodating business rules which is a core proposition to the business.

KEY REQUIREMENTS

The client was looking for a Loan Servicing Solution (LSS) that would be flexible enough to accommodate various types of loan products without significantly changing the business process and also allow them to support large loan volumes.

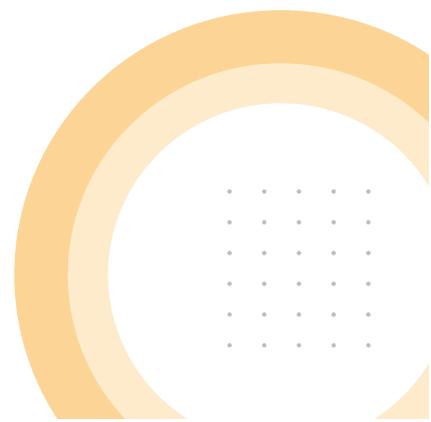
Some of their key requirements were:

- 1 Set up a white-labeled multi-tenant system for onboarding loans from different lenders
- 2 Change of holiday calendar on an ad-hoc basis including change of holidays for an onboarded loan. Payment schedule to adjust based on changed holiday calendar
- 3 Auto split of payment amount between Fee and Tax
- 4 Generate PICO file for PICO regulator in Thailand
- 5 Setting up different Payment Hierarchies, providing flexibility in managing overdues and DPD
- 6 Thai Language support in Loan Servicing for fields and reporting
- 7 Automated Charge off on when the DPD count reaches a certain number
- 8 Charge off Recovery Hierarchy
- 9 Different borrower accounts for disbursement and re-payments
- 10 Integration with the wallet for same-day disbursement
- 11 Many other custom reports
- 12 Accounting system Integration

PROPOSED SOLUTION

LendFoundry's proposed solution would be able to support new loan products. It would generate and manage repayments as per schedule from the wallet and also allow multiple tenants on the platform for the same product. Some specific features are noted below:

- LendFoundry's (LF) Loan Servicing System onboarding API would be used to onboard new loans. Additional custom fields would be added in the onboarding API to accommodate unique requirements
- Loan Servicing System would automatically create repayment schedules upon onboarding, and initiate a re-payment file for the payment gateway. If a payment fails then LSS would automatically fail such payment, track Days Past Due (DPD) using core services, and trigger the required actions
- Configurable hierarchies to recover the amounts as per the repayment schedule or the buckets
- Taxes would be set up, auto-applied, and recovered
- Ability to update the holiday calendar at any point in time
- Automatic generation of PICO reports
- API-based integration with the Accounting system for sync to the General Ledger
- A multi-tenant system with defined access levels to support loans from multiple lender loans



FEATURES USED IN THE SOLUTION

The following features of LendFoundry's Loan Servicing System were used to fulfill the client's expectations:

- Micro-services to support various LSS features such as amortization, tracking of days past due, scheduled payments, payments received, transactions, email & sms notifications, document management, audit trail management, etc
- Configurable services for ease of customization to meet unique requirements
- The connection between services improved scalability, fault isolation, data security, and compliance enabling a more resilient application
- API-based architecture enabled the seamless creation of new APIs to onboard loans, credit money to wallet, receive payment success from the wallet, send payment data to customer app, accounting integration, etc
- Configurable UI architecture enabled the creation of new user action menus for the client's operations team to perform manual operations on a loan
- Easy navigation and views of portfolio/loan data, both at the overall and lender level using smart filters and customized queues
- Extensible and scalable payment services architecture to easily support wallet and bank payments
- Configurability in the reporting module led to quicker delivery of PICO reports, performance scorecards, receipts, invoices, etc with this module including local language support
- Data as a service architecture enabled access to key loan data, in-process data and also segregating it by lender account when using the platform for loan servicing as a service
- Ease of monitoring microservices at the infra level and faster deployment for new releases helped build customer confidence and deliver in an agile manner

KEY CHALLENGES

This implementation was challenging as this was our first implementation in Thailand with local language support. The unique requirements like white-labeled multi-lender support, PICO reporting requirements, dynamic holiday calendar, and payment were not available out of the box. There were significant changes made to the platform to support the unique needs of this implementation. Given our technical architecture, platform configurability, agile delivery, and good support from the client's business and technology teams, we were able to complete this implementation in a 4-month period.



Some of the key benefits realized by the client include:

- Support “Loan Servicing as a Service” to various lenders in South East Asia
- Launched new lending products to offer better solutions to the customer base
- Launch customer-facing mobile application and wallet service supported by loan offerings
- Given that the loan amounts are small and there are frequent delays and delinquencies in this segment, there is considerable effort required to restructure loans. With LendFoundry and its rule-based automation, most of this work has been fully automated

ABOUT LENDFOUNDRY

LendFoundry is the next-generation, cloud-based, SOC1 and SOC2 Type2 compliant, full stack technology platform to enable digital lending.

Available as a SaaS offering on AWS, LendFoundry is built using a micro-services architecture and is highly customizable and scalable. Powered by API integration with 80+ traditional and alternate data providers and platforms, it can help digitize a lender's entire loan lifecycle to deliver faster loans and also add new customer segments.

Key Modules: Borrower Portal, Broker Portal, Dealer Portal, Merchant Portal, Lender Portals, Loan Origination System, Loan Servicing System, Loan Management System, Business Analytics.



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