



Newgen's AI-first Captive Finance Solution

*Unlock the potential of your captive finance offering
with the help of Newgen's AI-first low-code platform to
accelerate transactions and achieve excellence in customer service*

Overview

Captive financing enables the parent group to capture a larger market share, screen customers, and reduce risk exposure. Customers, too, prefer the services of the financing arm due to better integration, quicker application, and superior customer service. This setup has been exceptionally beneficial for the retail and automobile industries.

However, shortfalls like manual documentation, error-prone data handling, high-risk exposure, and delays limit the potential of captive financiers. A connected system, customer-centric data, and service-oriented business models will add value to their functioning.



Lines of Business within Captive Financing

Retail Financing

Leasing

- The dynamics of automobile finance in India are rapidly changing with a shift toward business models that propose flexibility of ownership/payment and service integration over the traditional options
- Leasing allows customers easy access to their preferred assets for a certain period at more affordable prices
- Based on a Deloitte GACS 2024 report, 67% of young Indian consumers are interested in giving up vehicle ownership in favor of car subscription models

Lending

- Captive financiers provide better integration between their loan processes and the asset manufacturing firm, and give customers the flexibility to decide on the loan repayment schedule at their convenience
- As per a recent report by Deloitte, 71% of Indian consumers are willing to pay extra for connectivity features in assets, underscoring the demand for enhanced experiences

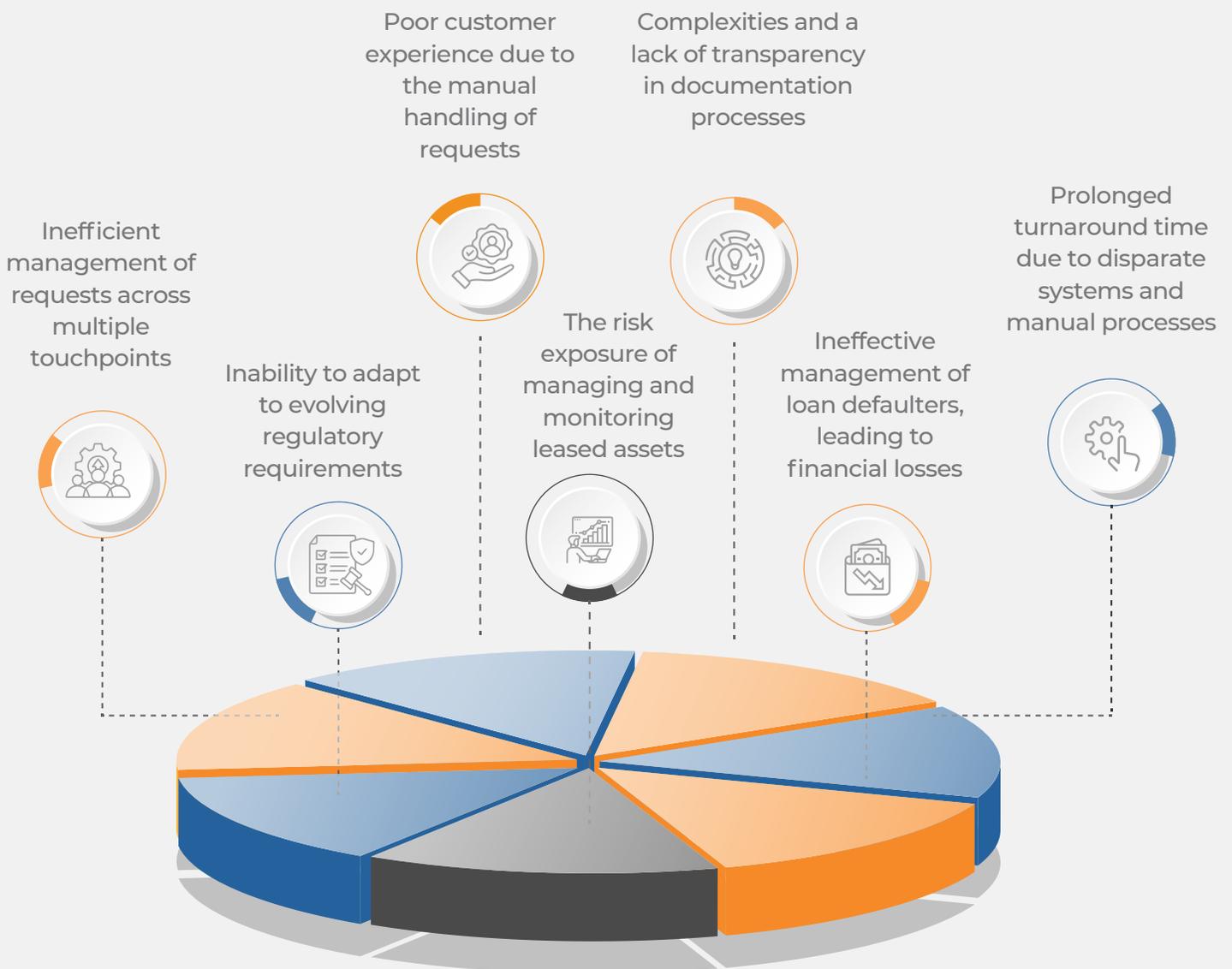


Dealer Financing

- Dealers require funds for running their operations, which include inventory funding, purchasing demo cars, meeting working capital requirements, etc.
- Captive finance companies can provide dealers with credit limits, which the dealers can utilize to meet their operational requirements. The companies undertake Know Your Customer (KYC) and other appropriate assessments during onboarding



Challenges of Captive Financing



Newgen Solution for Retail and Dealer Financing

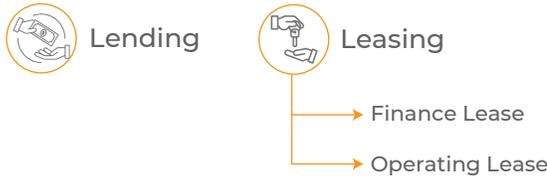
Newgen's Captive Financing Solution, built on the NewgenONE low-code platform, seamlessly integrates with a captive financier's existing systems to create a connected ecosystem. The solution facilitates effective communication with customers, integrates with dialer technology, and enables mobile collection activities.

When it comes to handling the legal process, the system helps in marking assets for repossession, issuing legal notices, capturing details of assets at stockyards, and valuing the repossessed assets. While the offering for **retail financing** focuses on **lending** and **leasing**, the solution for **wholesale financing** is aimed at supporting **dealers**.



Newgen's Captive Finance Solution

Retail Financing



Wholesale Financing



INITIATION CHANNELS



INITIATION CHANNELS



NEWGEN CORE CAPABILITIES



Origination System

Loan Management System

Collections

NEWGEN INTEGRATION SUPPORT



Newgen's Core Offerings for Captive Financing

Loan Origination Solution

Newgen's Loan Origination Solution for captive financiers enables the end-to-end automation of the lending process, covering pre-screening, application processing, underwriting, and disbursement. The core features of this solution are:



Predefined Rules Engine

The predefined business rules engine checks the customer's eligibility for online loan application



AI-led Credit Decisioning Engine

The solution leverages an advanced AI-led Credit Decisioning Engine (CDE) built on Newgen's low code platform, which enables automated underwriting for effective risk classification and faster credit disbursement



Loan Policy Automation

The system automatically checks and follows the rules for loan disbursements, making the process secure, quick, and error-free



Score-based Risk Assessment

Loan applications are double-checked for risks following the initial assessment to verify reliability and accuracy



Deviation Approval

The solution provides support for handling exceptions or deviations from standard loan processing practices

Loan Management Solution

A wide array of functionalities supports the efficient management of loans with better monitoring and reporting. The key features of this solution include:



Disbursal and Payments

This module supports Single, Multiple and Split disbursal. It can also generate tentative repayment schedule based on disbursal schedule, and supports loan curtailment/finalization



Limit Management

The system provides a comprehensive oversight of credit limits assigned to dealers



Asset Management

Users can seamlessly track and maintain loan-related assets



Fleet Management Capability

The solution streamlines the administration of asset fleets associated with loans



Accruals and Amortization

The business rules engine automates accrual calculation and posting and supports various kinds of amortization schedules



Rescheduling

The system supports multiple rescheduling models, including re-pricing, deferral, part payment, due date change, etc.



Early and Maturity Closures

Users can avail functionality of early closure, maturity closures, as well as cancellation of loan accounts



Accounting Setup

A front-end interface enables users to set up complete charts of accounts and accounting templates



Charge Module

The system handles Goods and Service Tax (GST) charge configuration (CGST, SGST, IGST), state-wise mapping of GST percentage, GST GL selection based on the billing address for GST accounting, etc.

Collections Management Solution

Newgen's Collections Management Solution offers a comprehensive set of capabilities to simplify loan collection across various channels.

The key highlights of this solution include:



Digital Collections: The solution enables users to strategize digital channels, including SMS, email, and WhatsApp, to streamline collections



AI-driven Insights and Collection Strategies: Gain 360-degree insights on customers' profiles to enable personalized and empathetic AI-driven collection strategies. Convert predictive insights into actionable business strategies. Leverage Newgen's AI models such as Self-cure model and Recovery model, which offer AI-driven prioritization of accounts based on risk, potential recovery, and past trends for efficient recovery mechanism strategies



Legal Workflows: By automating the recovery workflows, captive financiers can increase the recovery rate for settlement/foreclosure, repossession, OTS, and auction. Legal workflows, such as civil suit, Lok Adalat, willful defaulter, and NCLT/IBC, are integrated into the solution for managing legal aspects effectively

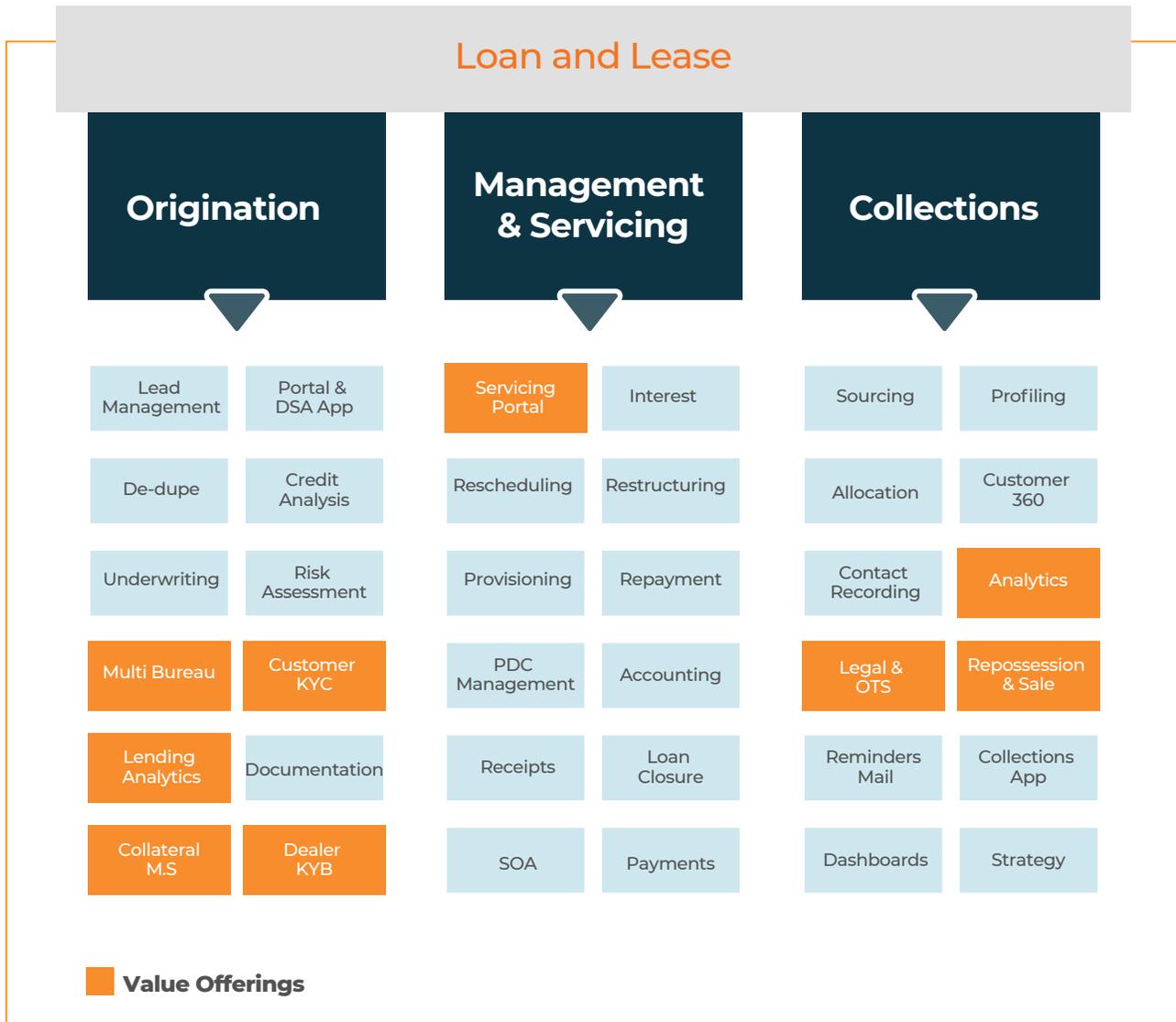


Repossession: The system can handle the entire repossession process, from marking assets for repossession, issuing notices, allocating cases to repo agencies, capturing details of assets at stockyards, taking fresh valuation of the repossessed assets, posting the asset for auction, capturing the quotation detail, posting the asset for sale, and generating the sale certificate. It supports end-to-end repossession process facilitating repossession agents, valuers, stockyards and auctioneers to handle cases through mobile channels and portal



Omnichannel Support: The system provides omnichannel support through back-office channels, mobile applications, agent portal, and lawyer portal

Value Offerings of Newgen's Captive Finance Solution for Retail and Dealer Finance



Digital Onboarding for Captive Financing

Newgen's dedicated solution offers seamless digital customer onboarding for retail financiers and dealers through a range of mechanisms.

Retail Financing

- **Customer Self-service Onboarding:** Customers can initiate the journey from their own device through the following channels:
 - a. Customer Portal (through website)
 - b. Mobile App for Customer
- **Dealer-assisted Onboarding:** Dealers can initiate the journey on behalf of the customer from the following initiation channels:
 - a. Dealer Portal
 - b. Mobile App for Dealer
- **Branch/Back-office Onboarding:** The branch can onboard the customer directly from their branch's loan origination system

Dealer Financing

- **Dealer Onboarding:** Dealers can initiate the application for dealer finance from their portal via the following initiation channels:
 - a. Dealer portal
 - b. Mobile app for dealer
- **Branch/Back-office Onboarding:** The branch can directly onboard the dealer from their branch channel for dealer financing



Key Features of Newgen's Captive Finance Solution

Newgen's Captive Financing Solution is designed for retail financing and dealer financing, offering functionalities for loan management, customer repayments, and collections, including soft collections, mid-collections, and hard collections.



Integrated Platform: Newgen's solution provides end-to-end integration and support, from origination of loan or lease to disbursement, management and servicing of loan/lease, collections, and recovery



Pre-screening for Straight-through Processing (STP): A rule engine evaluates an applicant's eligibility for straight-through assessment by considering various criteria such as credit score, income, and other predetermined parameters. The solution automates the approval and disbursement process, allowing users to add additional checks for underwriting and approval flow for no-go applicants



AI-powered Models: Newgen's AI-led lending models automate credit decision-making, speeding up the approval process. It results in better customer acquisition and retention, as well as optimized capabilities for, customer profiling, debt collection, and fraud detection. Newgen boasts a unified AI Modelling Studio which includes analytics for Risk Classification, Business Expansion (including pre-approved and cross-sell offers), and Collections (including NPA monitoring, probability of payments, etc.)



Integration Capabilities: The solution seamlessly integrates with existing systems and infrastructure, supported by over 240 pre-built integration adaptors. The comprehensive integration covers KYC verification, credit checks, digital stamping execution, and integration with loan management systems to minimize disruptions during the implementation phase and ensure a smooth transition



Automated Underwriting: An applicant's creditworthiness and risk factors are evaluated by a decision engine based on internal and external scoring. This automated process streamlines finance approvals, reduces costs, and ensures consistency, benefiting both financial institutions and customers alike



Auto Debt Burden Ratio Assessment: Newgen offers tools to automate the aggregation of applicants' financial data, including existing debts, income, and expenses, for debt burden ratio calculation. This solution integrates with an organization's existing system and supports banks to quickly evaluate loan applications based on predefined criteria



Digitized Documentation: A wide range of customizable document templates and generation facilities are available on the low-code platform. Users get support for quote creation and generation of loan agreements, lease agreements, delivery orders, principal letters, sanction letters, etc.



AI/ML based Collection Strategies: The solution offers the most effective strategies for collections with insightful analytics suggested by Newgen's AI model. This enables financial institutions to maximize and automate their recovery process at enhanced efficiency and reduced costs.



Highlights of Retail Finance Solution

Newgen's retail finance solution for lease and loan is flexible and versatile to support diverse customer financial needs.



Lending Solution

Newgen's platform enables asset financing with functionalities like customizable loan repayment schedules, customized asset quotation generation, driven by artificial intelligence (AI), PDF quotes delivery via WhatsApp, and machine learning (ML) model for predictive decisions

Leasing Solution

The leasing solution provides support for both operating and finance leases. It offers capabilities such as a lease versus loan calculator to facilitate comparison for customers, generation of rental repayment schedules, calculation of final charges-based asset conditions, residual value and depreciation calculator, customizable lease modules with interactive controls, and support for over-term payment after lease expiry

Highlights of Dealer Finance Solution

Captive financiers can assess the dealer and sanction the dealer limit through Newgen's platform. Users review and renew the limits as and when required. The solution also supports revolving and non-revolving credit limits.

Dealer Limit Approval

Capabilities such as STP, near-STP, and non-STP processes for dealers enable them to support both assisted and non-assisted channels for dealers to initiate transactions directly through the dealer portal or branch

Dealer Limit Utilization

Dealers can utilize the limit for purposes such as inventory funding, purchasing demo cars, meeting working capital requirements, and more. Newgen's solution ensures that all standard checks and balances are executed on the limited availability, validity limit, etc., at the time of utilization



Newgen's Proprietary GenAI Models for Captive Financing

Newgen's proprietary models powered by generative AI (GenAI) are integrated with low-code platforms to deliver intelligent and personalized services.

NewgenONE Marvin, the advanced GenAI add-on to the low-code platform, analyzes documents to generate summaries, classifies documents, creates templates for process designing, resolves queries, and searches for texts in documents through chat boxes

LumYn, the GenAI-enabled Growth Intelligence Platform, offers hyper-personalized targeting and facilitates customer journeys using over 30 pre-built ML models. It features GenAI-powered conversational AI and a 360-degree customer behavior profiling

Why Choose Newgen for Captive Financing



Superior User Experience

An intuitive user interface offers complete visibility into multiple activity levels, detailed dashboards for faster decision-making, and a dynamic interactive bulletin with integrated training modules and quizzes



Faster Processing

With Newgen's solution, the loan and lease processing is accelerated through AI-driven workflows. By integrating digital credit checks, automating document verification, and streamlining the approval processes, the platform reduces the time taken from application to disbursement, leading to greater operational efficiency



Greater Transparency

The solution provides robust tracking and monitoring capabilities, giving stakeholders real-time visibility into the status of the loan and lease



Low Vehicle Financing Risks

The solution's advanced risk assessment tools and real-time data analytics mitigate risks. By leveraging AI/ML models, it provides predictive insights into borrowers' behavior and vehicle depreciation, enabling more informed lending decisions and minimizing default risks



Improved Regulatory Compliance

Newgen's solution ensures compliance with evolving regulations through automated compliance monitoring, seamless integration with regulatory databases, and efficient process modeling that adapts to evolving laws and guidelines



Higher Application Accuracy

Newgen's automated system significantly reduces the error rate in loan and lease applications. Intelligent data validation, automated form filling, and real-time error checking guarantees accuracy and completeness before application submissions

About Newgen

Newgen is the leading provider of an AI-first unified digital transformation platform with native process automation, content services, customer engagement, and AI/ML capabilities. Globally, successful enterprises rely on Newgen's industry-recognized low-code application platform to develop and deploy complex, content-driven, and customer-engaging business applications on the cloud. From onboarding to service requests, lending to underwriting, and for many more use cases across industries, Newgen unlocks simple with speed and agility.

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