



Newgen's Islamic Finance Solution

*Enabling quicker and automated finance
the Sharia-compliant way*



Overview

Islamic Banking has been expanding rapidly over the years and the value of global Islamic Finance assets is expected to reach \$6.67 trillion by 2027. The Islamic banking system adheres to Sharia (Islamic) laws in its financing activities, emphasizing the principles of ethics, fairness, equity, and risk-sharing in its financial practices. Sharia compliance prohibits Riba (interest) on advances and promotes profit-sharing and partnership-based contracts instead. Ethical investments are a cornerstone of Islamic banking that forbids gambling, consumption of alcohol, pork and drugs, use of weapons, and other prohibited sectors.

The Kingdom of Saudi Arabia (KSA) is the largest Islamic finance market, with over \$830 billion in assets. Around 50% of Islamic financial institutions are in the Arab region, mainly in Sudan, Iraq, and Bahrain. While the region enjoys a strong Islamic finance

legacy, more banks in the KSA are being granted a license to provide interest-free banking. The capital market in Saudi Arabia is reckoned amongst the top 10 markets globally.

The rise of Islamic banking is prompting various financial institutions worldwide to develop their Islamic banking offerings. Additionally, the global regulatory bodies have also been updating their framework to include Islamic finance alongside traditional financing services. Sharia-compliant banking has proven its resilience, and its growth has been significantly backed by real estate financing. KSA's publicly listed investment funds are almost completely Sharia-compliant. One of the objectives of Saudi Vision 2030 is to utilize Islamic financial resources to work toward a buoyant non-profit sector that will strengthen the overall GDP.

Challenges Faced by Financial Institutions in Islamic Financing

- ◆ Extensive data and file exchanges across different departments
- ◆ High reliance on non-integrated, semi-automated, and manual financing processes
- ◆ Fragmented customer communication channels, leading to poor customer experience
- ◆ Non-Sharia compliant financing process
- ◆ Lack of standardization of Islamic financing methods in different regions
- ◆ Data deficiency, including lack of insight and monitoring
- ◆ Inefficient technological integrations aligning with Islamic principles
- ◆ High competition from conventional banking institutions
- ◆ Complex transactions handled in accordance with Sharia principles



Newgen's Comprehensive Islamic Finance Solution

Newgen's Sharia-compliant financing platform is tailored to meet the unique requirements of the Islamic banking community. The **Islamic Finance Solution** provides necessary tools for finance origination, underwriting, documentation, assessment, asset classification, provisioning, repayment schemes, floating and fixed profit, finance rescheduling, foreclosure, and collections.

It supports financial institutions in efficiently developing new Islamic financing products, delivering world-class services, and ensuring complete Sharia compliance. The solution can seamlessly integrate with existing infrastructure and is available on-premises and in the cloud.

Newgen's solution features three modules – **origination, finance management, and collections** – all designed to manage the end-to-end finance lifecycle.



Origination

Customers can avail the financing of their choice with the help of Newgen's Origination System

The Origination solution incorporates onboarding through various channels, including web portal, mobile app, and branch channel



Finance Management

Newgen's finance management module offers various functionalities to handle Islamic product offerings

The functionalities include Credit Management, General Ledger, Master Data Management, and Profit Calculation

It supports multiple integrations specific to Islamic finance needs



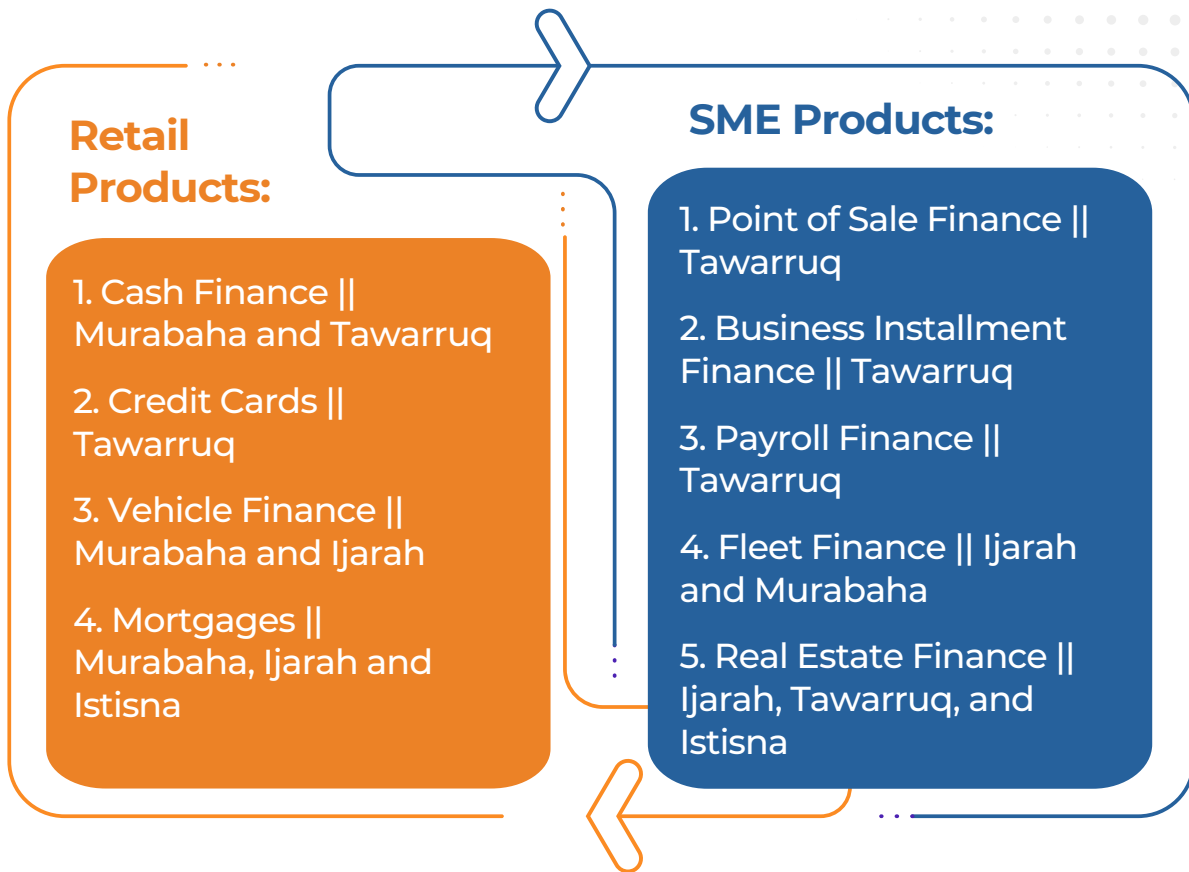
Collections

Newgen's platform provides repayments and collections system, which includes complete offerings from soft and mid collections to hard collections

The module supports dialer integration, customer communication management, mobile collections, and legal & recovery options

Newgen's solution leverages Smart Collections, powered by advanced AI/ML models like Self Cure, Probability of Payment, Communication Strategy, Allocation model, etc.

Product Offerings under Newgen's Islamic Finance Solution



Digital Onboarding for Islamic Finance

Newgen's comprehensive solution transforms the onboarding experience for financial institutions via the following initiation mechanisms:



Web Portal

Customers can access Islamic financing products by logging in through the web portal



Mobile App

Customers can opt for assisted as well as non-assisted onboarding through the mobile app



Branch/Back-office Channel

Branch users can onboard customers through back-office channels offered by Newgen



Newgen's Integrated Ecosystem for Islamic Finance in the KSA

KYC: Individual

- Saudi Post
- Yakeen – Owner Details
- NAFATH
- Tahaqaq
- ABSHER

KYC: Non-Individual

- Saudi Post
- Watheq
- Theqa

Bureau

- SIMAH

Due Diligence

- AML
- Dedupe
- Fraud Check
- PEP

Income Verification

- GOSI
- Bank Statement Analysis

Documents

- NAFITH
- EMDHA
- Contract

Execution

- Buy and Sell Commodity (BSAB)
- EMDHA
- STC

Collection

- SADAD
- Tawtheeq

E-invoice Generation

- ZATCA

Miscellaneous Integrations

- Thomas Reuters (TR)
- AZM
- TAMM

Agile Process Modeling with Newgen's Product Configurators

Newgen's Product Configurators streamline the design and configuration of financing products by offering rapid deployment with minimal hand-coding. They enable banks to quickly adapt to market trends and customer demands, ensuring competitiveness while providing scalable solutions that grow with the institution's needs.

The configurators can customize products or solutions to meet specific requirements. They promote collaboration, allowing business users and IT teams to define product configurations with ease. Additionally, the feature adds a layer of efficiency by simplifying the creation of customizable features and reducing the need for extensive coding.



Step 01
Configure product masters and its schemes and update financing parameters

Step 02
Add or update collateral configurations in the master

Step 03
Configure pricing master for all products and subproduct in the master

Step 08
Repayment schedule

Step 04
Add or update deviations in the master

Step 07
Add scoring parameters in the master and approval matrix

Step 05
Set or update fees and charges in the master

Step 06
Add or update documents list in the document master

Configure Your Solution in 8 Simple Steps:

Key Features of Newgen's Islamic Finance Solution

Sharia Compliance: The solution ensures strict adherence to Islamic financial principles. This in-built feature eliminates interest-based transactions, aligning with Sharia-compliant guidelines and making it accessible to a broad range of clients

Pre-screening for Straight-through Processing (STP): Newgen's platform uses a rule engine to evaluate an applicant's eligibility based on criteria, such as credit score, income, and other predetermined parameters. This process identifies cases eligible for STP, automates their approval and disbursement, or triggers additional checks necessary for underwriting and approval flow for non-STP applicants

Integration Capabilities: Newgen's solution seamlessly integrates with existing systems and infrastructure, minimizing disruptions during the implementation phase and ensuring a smooth transition



Regulatory Compliant: The solution provides regulatory-compliant integrations that adhere to government and central bank guidelines. It automates customer notifications and communication and enhances due diligence processes. This enables banks to operate efficiently and with transparency while adapting to evolving compliance requirements

Automated Underwriting: Newgen's platform evaluates an applicant's creditworthiness and risk factors using internal and external scoring as a decision engine, enabling faster approvals. This automated process streamlines finance approvals, reduces cost, and ensures consistency that benefits both financial institutions and customers

Digitized Documentation: Newgen's solution offers a wide range of customizable document templates, such as in principal

letters, purchase orders, sanction letters, and finance quotations, along with their management capabilities for easy reference and access

AI-powered Models: AI-powered scoring models automate credit decision-making, speeding up the finance approval process, customer acquisition, retention, debt collection, and fraud detection

Multi-lingual Support: The platform offers functionality for customers to view applications and documents in both English and Arabic across all its products, thereby expanding access to a wider customer segment

Customer Profiling: Newgen offers capabilities to identify customer profiles, analyze spending habits and patterns, and verify if customers are involved in activities prohibited by Islamic Law

Redefine Islamic Financing Practices with Generative AI

Newgen's proprietary GenAI-powered model, **Marvin**, integrated with its Islamic Finance platform, can analyze documents, generate summaries, classify documents, create templates for process designing, resolve queries, and search texts in documents through the chat box.

LumYn, another proprietary GenAI model of Newgen, provides hyper-personalized targeting and facilitation of customer journeys with the help of over 30 pre-built machine learning models. LumYn offers an all-encompassing view of each customer, reveals behavioral insights, evaluates customers' lifetime value, performs behavioral segmentation, and so much more.

Marvin and LumYn, integrated in the Newgen's ecosystem, offer features including:

Advanced Analytics: Make data-driven decisions with insightful analytics to drive recovery strategies

Fraud Detection: Detect frauds in complex financial transactions that are involved in Islamic financing

Documentation: Search and extract data from digital documents through OCR capabilities and summarize the documents

Query Support: Get answers to queries at your fingertips using Marvin's chatbot

Predictive Analytics: Identify patterns and predict future delinquencies using AI/ML models

Process Generation: Generate templates for creating the financing process and its workflow, specifically compliant with Sharia law

Why Choose Newgen for Islamic Financing

◆ Assured Sharia Compliance

Ensure adherence to Sharia laws, guidelines, and compliances in your finance offerings with Newgen's solution

◆ Enhanced Efficiency

Automate repetitive tasks to reduce manual work, shorten turnaround time, and improve efficiency

◆ Superior Customer Satisfaction

Enhance customer experience with automation, quick processing, minimal manual work, and seamless integration within Newgen's ecosystem

◆ Real-time Monitoring

Gain real-time visibility and track financing status with Newgen's robust tracking and monitoring capabilities

◆ Improved Financing Decisions

Reduce underwriting errors and improve decision-making accuracy using Newgen's intelligent data validation and automated form-filling techniques

◆ Reduced Paperwork

Digitize documents through Newgen's software to maintain digital records and reduce physical paperwork



About Newgen

Newgen is the leading provider of AI-enabled unified digital transformation platform with native process automation, content services, and communication management 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 many more use cases across industries, Newgen unlocks simple with speed and agility.

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