

India's Leading Microfinance Institution **Digitizes its Loan Origination Process with Newgen**

*Loan disbursement time under affordable housing
loans improved by 80%*



Overview






Our client, headquartered in Bengaluru, is a leading Indian microfinance institution. Its primary focus is to provide micro loans to women customers, predominantly residing in remote areas across India.

To address challenges within the existing system, our client aimed to overcome inefficiencies related to loan disbursement time, minimize turnaround time (TAT), and boost overall productivity.



The Customer Pain Points

The microfinance organization initiated an extensive study, in collaboration with Newgen, emphasizing the following pain points to orchestrate their end-to-end automated loan disbursement process. Enlisted here are some of the major challenges that impacted the client's day-to-day operations:

-  **Manual Data Entry:** The manual data entry across various business systems wastime-consuming and impacted the overall efficiency of loan disbursement
-  **Error-prone Manual Collection Process:** Agents visiting customers for data and consent document collection was a tedious task and increased the risk of inaccuracies while fetching customers' information
-  **Absence of a Centralized Document Repository:** The lack of a centralized repository hindered efficient data management, creating challenges in organizing and retrieving customer documents after the loan processing stage
-  **Limited Case-handling Visibility:** Users lacked visibility into document approval stages, leading to uncertainties about the status of the loan disbursement and impacting overall customer service
-  **Lack of Centralized Deduplication:** Inadequate deduplication check resulted in repeated loan applications from the same customers, causing inefficiencies and potential complications



The Regular Industry Approach

Various specialized software tools are designed to optimize and streamline the loan origination process. These solutions prioritize critical elements of loan processing, including data extraction, validation, and approval workflows. The implementation of these tailored solutions helps significantly reduce manual labor and enhance operational efficiency. However, challenges related to scalability, adaptability across a range of processes, integration with diverse third-party systems, and the imperative for standardization create a pressing need for a comprehensive and robust solution.

How Newgen Made a Difference?

Our client's choice to digitize its entire loan origination process yielded significant enhancements in efficiency and minimized TAT. Furthermore, post the implementation, customers gained the ability to conduct bulk lead assignments. Newgen assisted the client by providing a comprehensive view through mobile and web dashboards for real-time tracking of documents and statuses. The solution enabled users to store data in offline mode, eliminating manual efforts and resulting in improved efficiency and cost savings. Here's a quick snapshot of the business benefits of Newgen's solution:

Informed Decision Support:

The manual data entry across various business systems was time-consuming and impacted the overall efficiency of loan disbursement

Organized Document Management:

The efficient document management system organized and stored relevant documents centrally, minimizing errors and ensuring no information gaps during the application process

Seamless Integration: The efficient document management system organized and stored relevant documents centrally, minimizing errors and ensuring no information gaps during the application process

High Scalability: The solution easily adapted to increased transaction volumes and evolving business requirements, ensuring scalability without compromising efficiency

Transparent Audit Trail: The system introduced a detailed audit trail, logging user activities and system changes, simplifying the auditing process and enabling easy tracking of operations

Error Reduction in Data Processing: The deployment of the mobile application for field agents led to a notable reduction in manual errors during data entry and processing

Impact Summary

Significant Time Saving: Loan disbursement time under affordable housing loans **improved by 80%**

Streamlined TAT: TAT for processing loans was reduced to **10-15 days**, a clear improvement from the undefined timeframe before the implementation of the solution

In Conclusion

The collaboration between Newgen and the financial institution has proven transformative in addressing significant challenges within the microfinance sector. The digitization of the end-to-end loan origination process resulted in remarkable improvements. Newgen's solution demonstrated adaptable scalability, seamless integration, and efficient automation, contributing to increased efficiency and cost savings.

About Newgen

Newgen is the leading provider of a unified digital transformation platform with native process automation, content services, communication management, 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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