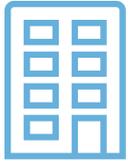




FE CREDIT EMBARKS ON A TRANSFORMATION JOURNEY WITH FINACLE

Infosys® |  Finacle

Largest non-banking finance company in Vietnam implements a modern solution to transform its core operations (Loans).



Profile

FE CREDIT (FAST & EASY Credit), an independent subsidiary of VP Bank, is the one of the pioneers and is among the fastest growing consumer lending finance company in Vietnam. The consumer lending company has continued to build a solid foundation to become the leader in the unsecured consumer loans market.

In a short span of 7 years, FE CREDIT has grown exponentially to acquire USD 1.5 billion worth of assets and more than 7 million customers and is today one of the largest consumer lenders in the country. FE CREDIT employs over 10000 people. In 2016, FE CREDIT was recognized as the "Best Consumer Finance Company 2016" by Global Banking and Financial Review, United Kingdom.

FE CREDIT
VAY TIÊU DÙNG TÍN CHẤP



FE CREDIT

Largest non-banking finance company in Vietnam



Assets – 1.5 billion USD

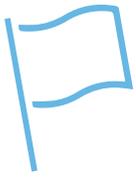


Customers – 7 million



Overview

According to reports, total credit outstanding in Vietnam grows at a pace of 14% per annum on an average. With consumer finance business in Vietnam set to grow exponentially, it was important for FE CREDIT to update to a world class technology platform that would support its growth aspirations. Disbursing a loan every 13 seconds, FE CREDIT needed an extremely robust system to support current operations, future growth, and at the same time comply to regulatory norms. As part of their evaluation criteria, FE CREDIT was looking for a system with best-in-class functionality tailored to serve the needs of the business users, remain scalable to support its growing portfolio and be built on SOA architecture. In 2016, FE CREDIT embarked on a journey to modernize their core lending solution and chose to partner with Infosys Finacle for this transformation.



Implementation Highlights

FE CREDIT wanted to take advantage of the impending business growth during the season of Christmas and TeT holiday. Hence, their mandate was to launch the next generation core banking system by the end of October 2016 to capitalize on the expected surge in demand for credit in the festive season. After successful launch of Finacle in October 2016, the teams worked jointly to further enhance the system with new features and launched the next phase in April 2017.

To make sure the implementation was completed within the stipulated timelines and ensure flawless execution, the following approach was adopted:

Managing a complex implementation with tight timelines:

Given the stringent deadline, it was necessary to undertake a prioritization exercise to decide the numerous features to be implemented and in what sequence. A key requirement was that all features must be able to handle the enormous volume of loan accounts. FE CREDIT and the Finacle teams worked together to make sure the implementation was planned and executed impeccably.

Agile methodology: of development brought in tremendous flexibility and thereby helped accommodate changes across the solution design & build phase, with multiple solution changes accommodated from time to time

Integrating Finacle with a host of other systems in the bank:

Finacle replaced the existing core system, and the team had to ensure that the new system integrated well with the other existing solutions. These included loan origination that brought in high volumes from across 40,000 accounts and customers in a span of one week. The interfaces were created with a host of other sub systems namely customer service management, collections systems, general ledger system, business intelligence & reporting systems among others.

Reimagining processes at FE CREDIT: The Finacle team discussed the business requirements with the senior business leaders of FE CREDIT and offered suggestions to change certain processes to reap the full benefits of the new system. The business leaders saw merit in this and accepted these suggestions for change. For example, the monthly interest model introduced based on uniform interest accrual, each day of the month, benefited FE CREDIT from increased annual interest income. Non Performance Asset Management in Vietnam is complex. The teams worked on a complete package solution for this from scratch and implemented the same. The teams also worked on enabling FE CREDIT in having a detailed daily view of the loan account interest accrual, on a per transaction basis.



Extensive process automation: One of the key requirements to handle the huge volumes at FE Credit was a highly automated process. Therefore, it led to a development of series of smart automation solutions for Finacle to control certain operations through inbuilt intelligence.

- **Automated loan closure:** With a set of rules configured in the system, this is a powerful automation option for FE CREDIT, which can take away a lot of decision making load from the risk department. When the loans are deemed as NPAs, closure is allowed with a permissible amount recoverable from customer.
- **Automated early loan termination:** auto early termination of loans will incentivize the customers to pre-terminate loans. This process has been automated to an extent that the user doesn't have to take any action.
- **Automated payment prioritization and recovery:** has ensured that the bad debts are charged off the loan based on the rules set in the system
- **Automated principal recall/prioritization:** The system will decide to recall the principal based on rules set to safeguard the principal in case of an asset impairment
- **Automated regulatory report generation:** FE CREDIT can now generate detailed reports of classification and provisioning of NPAs, into five levels as recommended by the central bank.

Testing and build in parallel: The teams initiated testing in parallel to development activities. This parallel approach ensured a faster implementation. To mitigate the risk of parallel approach, the entire testing support, and few minor development activities arising out of testing phase were planned and performed onsite.

Onsite program management: The Infosys Finacle team proactively identified key areas of concern where immediate/faster decision was important. For this, an onsite program management practice was adopted. The team also designed the project governance model to ensure periodic involvement of senior management from both FE CREDIT and Infosys Finacle. Onsite presence and project governance model helped to move things forward during the project.

The team met the objective of going live with the solution by October 2016. Post this go-live, FE CREDIT then went live with further enhancements by April 2017.

This was one of the fastest implementations of a core lending solution in Vietnam, with FE CREDIT going live within 6 months.

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“FE Credit has established a solid foundation, benchmarking with the world's best practices to become a leader in the consumer lending space in Vietnam. With the consumer finance market set to grow significantly, it was imminent for us to be prepared for the impending opportunity. With Infosys Finacle, we are now very confident that we will not only provide the best experience to our customers, but also be able to do that at a much greater scale and continue to reign dominance in this space”

- **Kalidas Ghose, Vice Chairman & Chief Executive Officer, FE CREDIT**

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Business Benefits



Implementation of Finacle core banking solution has helped FE CREDIT meet regulatory requirements like Non Performing Assets Management, which was not supported in the incumbent system.



With Finacle, FE CREDIT has opened 3,000,000 new loan accounts since going live. FE CREDIT is now assured of a scalable system capable of servicing over 4 million active loans in the next three years.



The bank staff can now service more loans in the outlets. There has also been a significant reduction in the downstream impacts, despite the increase in volumes of loans processed.



To take advantage of the opportunities in the market, FE CREDIT now has the flexibility and agility to launch new products.



The interface with loan origination system has been optimized to handle 3000 accounts in an hour, including CIF & loan account creation, disbursement transaction, and a set validations of data being done before loading the accounts into Finacle.



Finacle's flexibility, interest parameterization and enriched capability enabled FE CREDIT to achieve desired interest calculation methods. The solution offered models of interest - handling for broken period interest calculation that led to additional interest revenue recognition and effective accrual reporting vis-à-vis the conventional model used.



Higher automation through system controlled decisions, throughout the entire loan life cycle resulted in greater operational ease.



With Finacle, majority of FE Credit's operations can now be handled through the use of uploads and automated batch jobs operations



Improved scalability: on an average 7000 loan accounts are opened daily in Finacle system. A peak daily volume of 24000 accounts can be handled with a flexibility of extending it further (if required)

About Infosys Finacle

Finacle is the industry-leading universal banking solution from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. The solution helps financial institutions develop deeper connections with stakeholders, power continuous innovation, and accelerate growth in the digital world. Today, Finacle is the choice of banks across 94 countries, and serves over 848 million consumers – estimated to be nearly 16.5 percent of the world's adult banked population. Over a billion bank accounts are powered by Finacle globally.

Finacle solutions address core banking, online banking, mobile banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, and analytics needs of financial institutions worldwide. Assessment of the top 1000 banks in the world reveals that institutions powered by Finacle enjoy 50% higher returns on assets, 30% higher returns on capital, and 8.1% points lesser costs to income than others.



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