

Case Study | Soanta Finance implements Nelito Systems' FinCraft™ Core Microfinance Solution



SONATA Finance (P) Ltd is a micro-finance company registered as a Non-Banking Finance Company (NBFC) under Reserve Bank of India Section 45 IA with a mission to identify and motivate poor women in a cost-effective way and deliver them micro finance services in an honest, timely and efficient manner. Sonata majorly provides the loan to Joint Liability Groups (JLG) & Individual Loans (IL).

Their vision is to help building a society that contains an opportunity to develop the minimal socio-economic conditions needed to live a life of dignity. And its mission is to, "identify and motivate poor women in a cost-effective way and deliver them micro finance services in an honest, timely and efficient manner."

Key facts

- **Organisation:** Sonata Finance Ltd
- **Headquarters:** Lucknow, Uttar Pradesh, India
- **Branches:** 314 (FY16)
- **Company Strength:** 2127 (FY16)
- **Members:** 707,464 (FY16)
- **Loan Portfolio:** 10,269,355,279 (FY16)
- **Supplier:** Nelito Systems
- **Solution implemented:** FinCraft™ Core Microfinance Solution

Sonata MicroFinance Institution approached Nelito for building a unified Core Microfinance solution. They required a scalable solution which could support complex and expanding operations of Organization with appropriate technology and also wanted an automated AADHAAR based Customer On-Boarding. Their Legacy system did not cover many required functionalities like central portfolio mgt., financial accounting, statutory reporting,

fund management, NPA management, Asset Liability management etc., which were heavily required. They also wanted a Mobility based solution for field force. Nelito had to Implement standard banking practices internally like real-time GL updating, EOD/SOD process and calendar management. Also required Integrated modules for Self Help Groups (SHG) and Joint Liability Groups (JLG) and were to be Regulatory Compliance. Sonata aimed to achieve an improved functionality to accomplish the vision & mission of the organization.

Nelito Systems Ltd. is an Indian financial technology company, that provides software technology solutions and services for Banking, Financial Services, Micro-Finance and Government verticals globally. Formed in the year 1995, Nelito has over 400+ Banking Clients and 25+ Microfinance and Non-Banking Finance Clients in 19 countries across 4 continents.

Sonata Finance approached Nelito with a **set of requirements**. Some of the key ones were:

- Complete automation of their operations to improve TAT for providing loans to the different customers
- Integration with Insurance agencies to automate the new group policy and renewal
- Integration with the rating agencies
- AADHAAR based Customer- On-Boarding and e-KYC using Mobile naive and Web application
- Development of integrated Mobility solution for complete field operations
- Data Cleansing and Deduplication of multiple databases (JGL, IL and HRMS)
- Single Application Platform by integrating all existing databases
- Integrated solution for Account module for HO, Division office and Regional offices
- Implementation of Quick win functionality & process
- DMS - Document storage & archival for KYC and other documents

Some of the **implementation challenges** were;

- Duplicate data in master tables of legacy system
- Functionality implementation of newly enhanced procedure

Some of the **implementation highlights** were;

- Ready to go on the field approach brings confidence in operation
- Implemented in 8 months
- Staff of 300 trained in 1 month, 110 field agents enabled
- DC-DR designed by Nelito's IT Infrastructure team
- For the first time for any MFI: -
 - Integration with UADAI for AADHAAR
 - Real-time integration with Highmark for credit rating
 - Real-time integration with Bajaj Allianz insurance (for T+1 activation of insurance of disbursed amount)
 - Bank API integrations for NEFT, ABPS & internet banking
- Tailor made modules for:
 - Business Correspondent management
 - Securitization loan management.
 - Repayment module of securitized loan with modes like on-actual &/or as scheduled

- Funder repayment
- Pledged, unpledged FD management

Following **benefits** were achieved by Sonata Finance with Nelito's FinCraft™ CoreMicrofinance Solution;

- Hassle free loan disbursement and collection
- Reduced Process Time
 - Lesser TAT for important processes like Customer-On-Boarding, eligibility analysis and overall lending process from 3 days to 3 minutes
 - Highly mobile field force which do most of its activities on the field
- Real Time Accounting
 - The real-time accounting entries has improved the Cash Management
- Cost reductions
 - Cut-down in many of the manual systems and overall lending process led to considerable cost saving
- Risks Mitigation
 - Loans related risks have been mitigated due to instant Insurance operationalization
- Unified Solution
 - One Solution for various Loans schemes saves efforts required for the Reconciliation
 - Integration of portfolio management & financial accounting results in more transparency
 - Lesser operational complexities due to modules like SHG, JLG, Document management System (DMS), workflows and real time integration with 3rd parties
- Improved Operational Efficiency
 - Improved Operational efficiency due to integrated Solution.
 - Lesser operational complexities due to modules like SHG, JLG, Document management System (DMS), workflows
- Market Reach
 - The mobility solution has enabled the field force resulting in higher loan disbursements & higher market penetration
- Regulatory compliance achieved completely

