



CASE STUDY

Implementation of Microfinance solution in Sonata Finance Pvt. Ltd., Lucknow

Client

Sonata Finance Pvt. Ltd., Lucknow

Profile

Sonata is a Micro-finance company, registered as a Non-Banking Finance Company (NBFC) under RBI 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).

Scope of Engagement

Sonata, an expanding MicroFinance Institution approached Nelito with a specific set of requirements. They were as follows: -

- Building of unified Core Microfinance solution
- Automated AADHAAR based Customer On-Boarding
- Scalable solution which could support complex and expanding operations of Organization with appropriate technology
- Their Legacy system did not cover many required functionalities like central portfolio mgt., financial accounting, statutory reporting, fund mgt., NPA mgt., Asset Liability mgt.,etc, which were heavily required.
- Mobility based solution for field force.
- Implementation of std. banking practices internally like real-time GL updating, EOD/SOD process, calendar mgt.
- Integrated modules for Self Help Groups (SHG) and Joint Liability Groups (JLG).
- Regulatory Compliance.
- Improved functionality to accomplish the vision & mission of the organization

Key Requirements

- ❖ 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.
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Implementation Challenges

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

Implementation Highlights

- ❖ 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 Infra 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.

Benefits

- ❖ **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 mins.
 - 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.**

About Sonata

SONATA Finance (P) is a microfinance company set up with a vision to make microfinance financially self-sustainable. Company uses systematic processes, technology and training to help ensuring the quality services to their borrowers. Sonata has more than 6 lacs members.

About Nelito

Nelito Systems Ltd. is engaged in the business of providing software solutions and services for Banking and Financial Services. Formed in the year 1995, Nelito has served more than 200 customers in 15 countries across 4 continents and earned a unique reputation for its personalized solutions and cost effective implementation with its esteemed customers, industry peers and independent research firms.

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