

# **How South Indian Bank slashed home loan documentation TAT to mere minutes through digital paperwork**

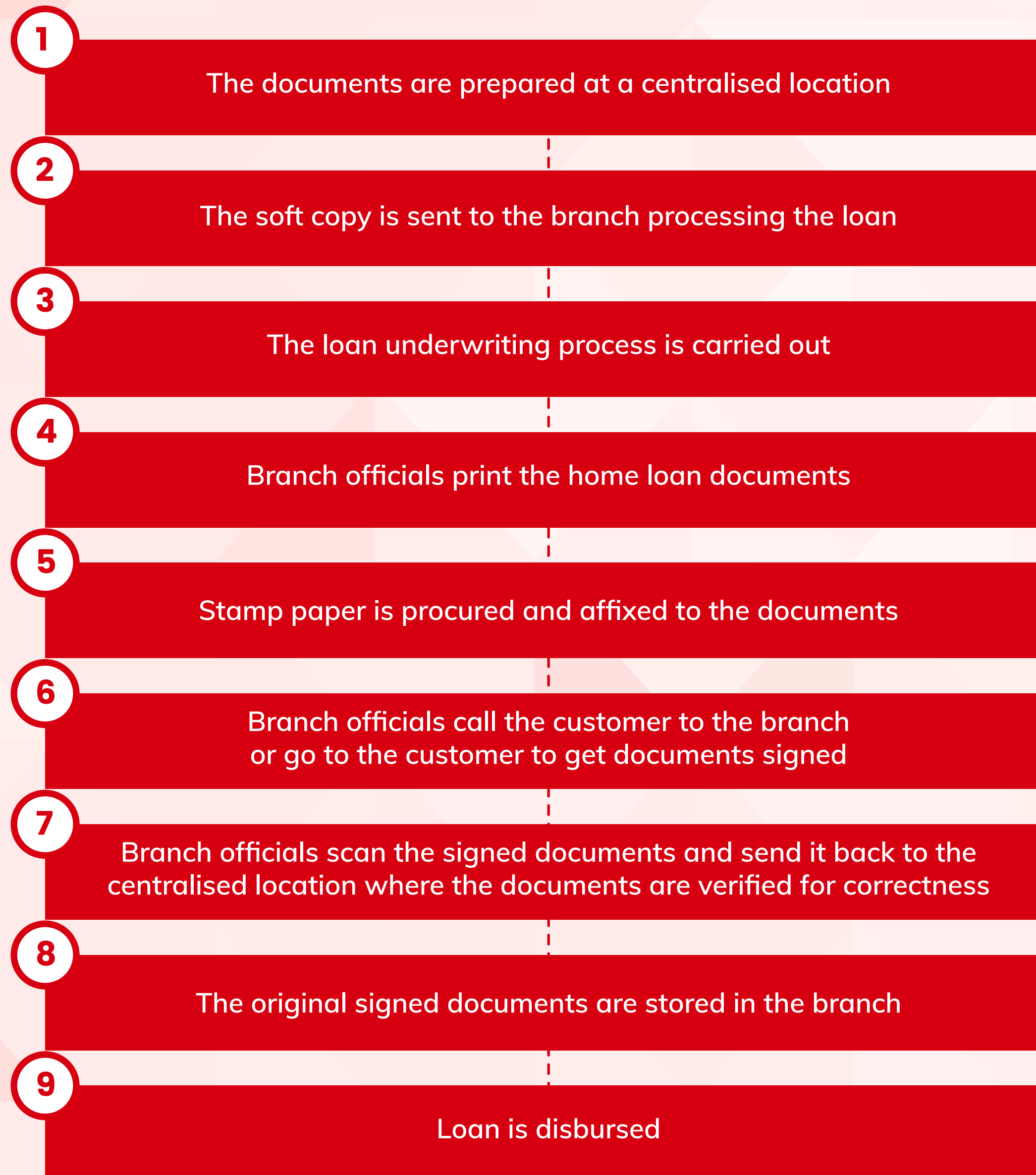


South Indian Bank (SIB) is a major private sector bank, headquartered in Thrissur. It provides a number of banking, lending and wealth management services with the aim of providing a safe, efficient and service oriented repository of savings of the community on one hand and providing need based credit, at reasonable rates of interest on the other.



We caught up with **Mr. Abey Abraham, Head – Housing Loan & Mortgages; Mr. Mohan TM, Joint General Manager, Head – Legal** and **Mr. Nishad Davis, AGM – Legal** and spoke to them about their transition to completely digital home loan paperwork.

# SIB's old physical process to execute home loan documents

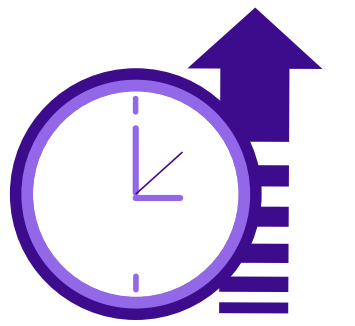


# But this physical process created **serious business problems**



## **High TAT**

Branch officials have to spend a lot of time – at least 2-3 days – to get paperwork done. Scanning and printing happens on one day, then next day it gets stamped. Again, that takes time. Then the customer will come on the third day.



## **Customers were anxious to finish the process ASAP**

Home Loan is always a high-touch product. There are a lot documents from the builders side and the customers side that need to be signed. The customer's biggest concern is that he has made a big down payment. He wants to finish the transaction as fast as possible and close this transaction.



## **Getting all the required signatories in one place at the same time was a hassle**

Home loan documentation requires about 10-15 signatures. And there can be multiple applicants, with 2 being the minimum. Then if you add guarantor, it can reach to 5-6 or 7 signatories also. And its all one document which gets signed by 6-7 people together in one location. As a result, there's a lot of work to get all the signatures. Our branch officials had to pre-arrange for everybody to come at one place. And if someone from our branch is on leave, or if stamping is not done – imagine the situation.



– Abey Abraham, Head – Housing Loan & Mortgages



### **It caused legal and compliance issues**

There could be mistakes at the time of stamping. Or at the time of execution, signatures of all the required parties are not present. Sometimes borrowers would even allege that they were asked to execute the documents in which certain fields would be left blank



**- Mohan TM, JGM, Head – Legal**



### **High printing and stamping costs**

The challenge was that it was getting prepared centrally and then going to the branches . Branches used to then take a printout of it. There's a cost – of printing the entire thing and getting it stamped properly. If you don't stamp it, the entire agreement is void.



**- Abey Abraham, Head – Housing Loan & Mortgages**

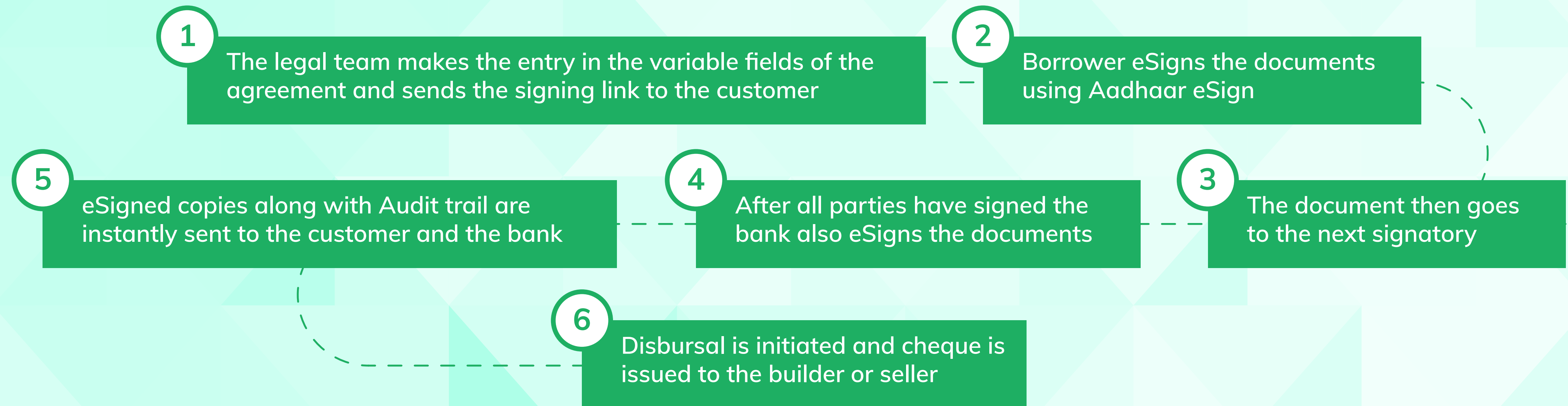
## Given the problems with a physical process, **SIB decided to switch to digital Document Infrastructure**



The customer wants to finish the transaction as fast as possible. That's the biggest USP in the market. So we decided that we should digitize this entire process. We saw this as a key differentiator for us. With Leegality, we were able to find the solution which actually solves all the problems what we have. For us today, it is a USP in the market that our customer can sit anywhere and sign it.

- **Abey Abraham, Head - Housing Loan & Mortgages**

# SIB's new digital paperwork process



It **gives us speed, reduces manpower, increases productivity, improves customer satisfaction** as she knows what she is agreeing to while sitting at home and getting it done

– Abey Abraham, Head – Housing Loan & Mortgages

Due to older legal restrictions, an important part of the documentation process continued to be done physically

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There is a small physical leg outside, which is the mortgage creation, which we cannot digitize as per the First Schedule of the IT Act. The mortgage deed – that is only one piece of paper which gets physically done.

– Abey Abraham, Head – Housing Loan & Mortgages

## UPDATE

However, with the amendment to the First Schedule of the IT Act, all property documents can now be digitally signed and stamped. Hurrah!

# Business Benefits

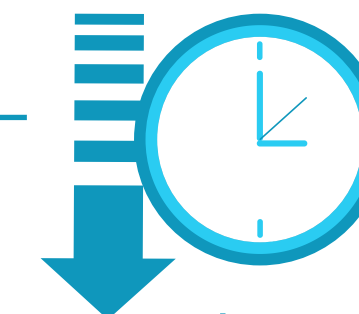


Today, we've mandated all our documents in home loan should be through only digital documentation, and we are finding it as a business enabler to push our business further.



## Low TAT

If there are 6 signatories, they can be in any part of the country. Now, all 6 of them can execute. That means disbursement can happen immediately. Earlier, it would take at least seven or eight days. This is something which we are seeing and we are excited



## Customers receive money much faster

We can commit to a customer today that your documentation can be done in hours time, or even one day's time- with all the borrowers signing. So I think that is a very big plus for the customer that he can sit and do it. So that gives us an edge in the entire business



## Increased productivity of sales teams

Through digitisation, we have actually managed to have much higher productivity.



- Abey Abraham, Head - Housing Loan & Mortgages



### **Increased transparency creates trust**

The biggest impact we have seen that the customer also gets a copy of the agreement. In physical mode, if the customer wants to see what exactly is executed, he has to come back to the branch. And somebody has to print the documents, take a photocopy and give it to the customer. Now that requires manpower. And the customer as well as the branch have to spend time. Today, a copy goes to the customer. So he can always keep it in his records and see what he has agreed to. It is a completely transparent method of doing it



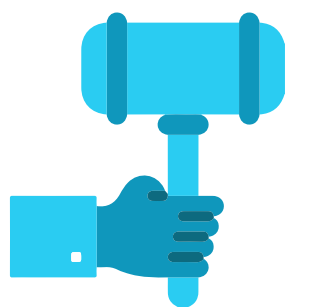
### **On ground teams refuse to go back to a physical process**

The feedback of the team is tremendous because there is a lot of work which has gone out of branches – printing, stamping and scanning. All those things are gone. So people are appreciating and asking for it. They are finding value in it. And this gave them confidence that they can meet the customer and give something which somebody else in the market cannot give at this point in time. That is the confidence that the team on the ground is having.



### **Eliminates the need for PoAs**

In many cases, we used to have people that are not available here [physically]. So they would give power of attorney. And later sometimes there would be disputes where they would say that there was no such power of attorney. In this present [digital] scenario, there is absolutely no need for the power of attorney. They can do the transaction sitting in any part of the world. So the need for, and the dispute relating to power of attorney, is automatically taken care of.



**- Abey Abraham, Head - Housing Loan & Mortgages**

# Security and Compliance Benefits



## No more mistakes

All the signatures required appear in the right place with Aadhaar OTP signature. So there is no error at all while signing. No missing signatures anymore. All the columns are filled up digitally so there is no manual intervention.



– Abey Abraham, Head – Housing Loan & Mortgages



## No leeway for field staff to bend the rules

The borrower may be a very good person and the branch may get carried away by their relationship with that particular borrower. They might tell the borrower that “now you get the signature of the guarantor or mortgagor” and the borrower will take the documents with him. However, that is not the instruction we have given to them. There is a possibility of compromise at the branch level. With digital documentation we can avoid all these things.



– Mohan TM, JGM, Head – Legal



## No problem during audits and inspections

Inspection will happen, say, a year later. To go and find a customer to get the documents signed again then is a humongous task. You will not even find where they are. If there are two or three borrowers then it's a challenge to get the inspection and audit comments rectified. Today, with digitization, we don't have to bother and worry about that comment because everything is digitally done, everything is filled, everything is signed. It's all legally valid. Today there's an audit trail. We know from which IP the signing was done. There is a photograph of the customer doing it. So this gives a huge confidence that we can scale our business without fearing any error or any comments in audit, which in the future can bite us back.



– Abey Abraham, Head – Housing Loan & Mortgages

## SIB sends all its home loan info to India's only Information Utility – NeSL

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With NeSL the advantage is that stamp paper is procured on the live platform, in real time. You don't want to buy the original and then store it and then scan. So that's completely done away with. We buy the stamp paper live. We pay the stamp duty live. And at the end of the day, we get this digital agreement to the information utility, NeSL – the only information utility in India. So the data of the debt is always available now. It's like hitting two birds with one shot. You are getting the agreement executed. At the same time, this data is stored with the information utility database as well.

**Nishad Davis, AGM – Legal**

## But why use NeSL through Leegality?

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Implementing NeSL via Leegality is easier than directly implementing NeSL. Because Leegality has the technical know-how. So our integration timelines were easy and shorter because we did it through Leegality.

**Nishad Davis, AGM – Legal**

## SIB's experience with Leegality's support team



### **Constant and responsive support**

The support has been tremendous



**Nishad Davis, AGM – Legal**



### **Hassle free go-live experience**

The transition was very smooth. We had Mr. Manan (Leegality Sales rep) taking the lead, and then Ms. Asmita was allotted to us as our account manager – who were hand holding us throughout. And we also had a team in the form of a couple of senior people who were taking the lead for this project. They worked along with Mr. Manan and Ms. Asmita who took us through everything step-by-step. The entire procedure was smooth and the go live day was completely hassle free.



**Nishad Davis, AGM – Legal**

# Would you recommend Leegality to other secured lenders?

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**Definitely.** Leegality is an enabler. In this industry, one of the key things is how to make the customer experience seamless. That is the endeavor for every organization who is there in the market. I think this (digitizing paperwork) helps us a lot because home buying is one of the most important and most difficult investment in anybody's life. It involves a huge amount and a lot of documentation. And hence, customers are always anxious in this entire process.

**The more we digitize, the more we are transparent, and more we are able to commit a timeline.** I think this industry itself will now see much more confidence among buyers. The industry itself can undergo a big change. Because ultimately this runs with the confidence of the buyer that he can get a loan seamlessly. He can get a house in his name and complete the entire process within a time frame without escalating costs. I think that is what the customer requests. And once that is what the customer requires, I think all of us has to follow suit and find ways to really cater to our segment of customers the best we can.

**Abey Abraham, Head – Housing Loan & Mortgages**

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