Retail Consumer Credit
Customer Relationship and Business Development

Information circular: **5740** 25th Jan, 2022

Digital Lending –Union Cash Digital

Launch of End to End digital journey for Pension account holders

Standard Operating Procedure for field functionaries

Union Cash scheme – a personal loan facility to meet personal expenses including medical treatment, travel or any unforeseen expenses is available for the pensioner account holders of the Bank.

Under EASE IV initiatives, the scheme was identified for end to end digitization of the entire process flow. Accordingly, a web based portal has been developed for end to end digitization (**starting from application stage to disbursement**) of Union Cash the scheme.

The scheme has been named as "***Union CashDigital***" and will be offered to existing pension account holder customer of the Bank meeting defined set of criteria. The detailed guidelines of the product are contained in the annexure provided with this circular.

The journey for the eligible retired staff of the amalgamated entity will be made live on 26.01.2022. In the phased manner; the product will be rolled out for the entire Pension account holder customer base of the Bank (Meeting the eligibility Criteria).

The link for applying for the journey is as under:

https://instaloan.unionbankofindia.co.in/pension/pensionlanding - Journey

https://instaloan.unionbankofindia.co.in/pension/bankerlogin - Banker Login

All the field functionaries are instructed to make a note of the scheme and ensure that they should be able to guide and educate the customer about the scheme and make it popular.

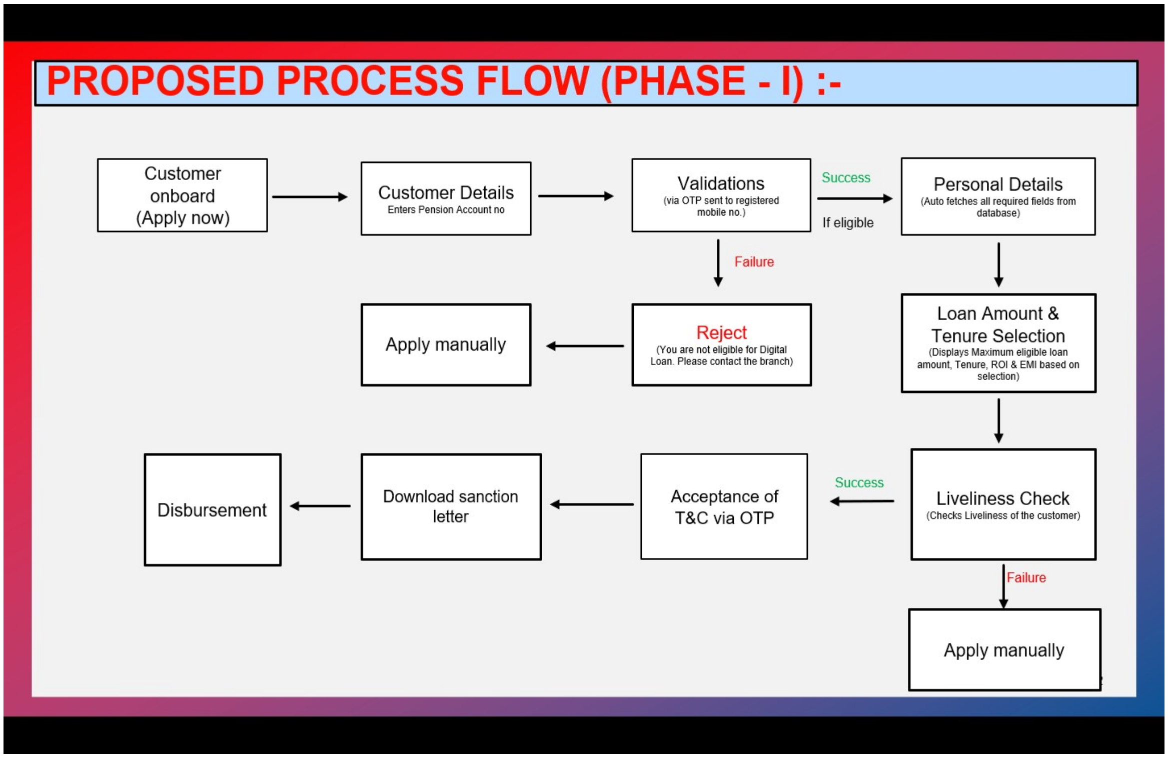
Chief General Manager

Annexure: Standard Operating Procedure for field functionaries

Standard Operating Procedure for field functionaries

Annexure I

<u>Process Flow</u>



1. Analytics based approach for product offering

a) Since the quantum of loan to be financed to a customer is based on his/her pension credit to the account, analytics-based approach will be followed for offering the Union Cash Digital to Pensioners

b) Under the model, list of eligible pensioners will be extracted from the GBM module &/or CBS/Union Parivar based on certain pre-defined filtering criteria as under:

- ✓ Individual active pension accounts are eligible.
- ✓ Family pensioners will be excluded.
- ✓ Customer should have a PAN with regular expression.
- ✓ Pension Treasury details (PPO No.) or staff No. should be available.
- ✓ Maximum exit age of the customer including repayment period to be 75 years.
- ✓ No account should have slipped to NPA in last 24 months.
- ✓ No account should have slipped to SMA1/SMA2 in last 12 months.

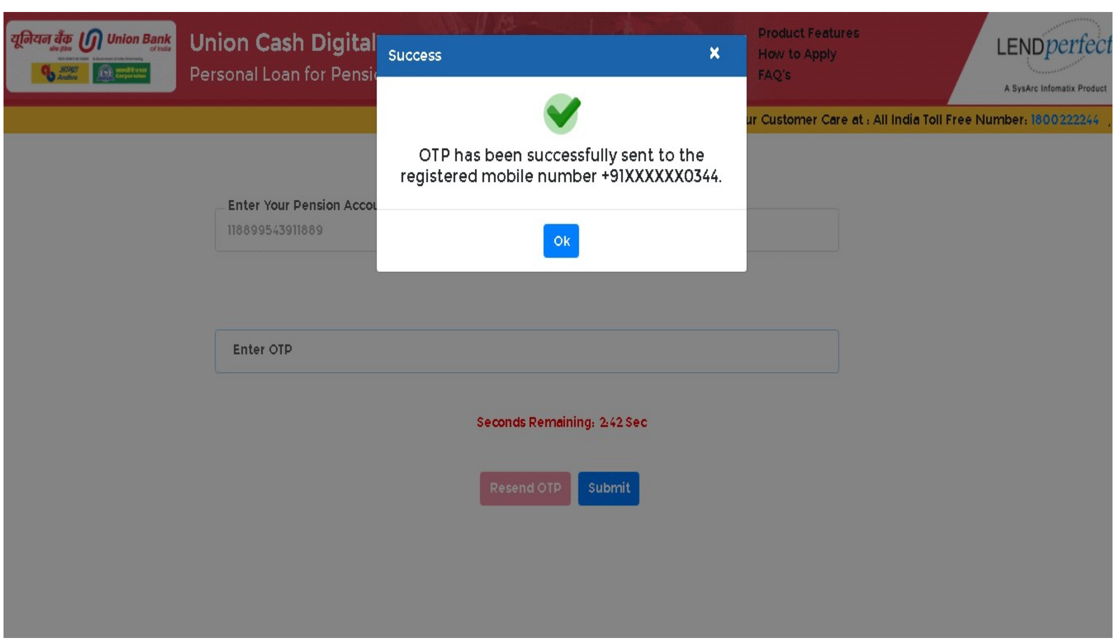
c) After applying the Business Rule Engine (BRE), the target list of customers list will be sent to credit bureaus for scrubbing.

d) Post scrubbing, final list of eligible accounts will be prepared based on their credit score and credit behavior.

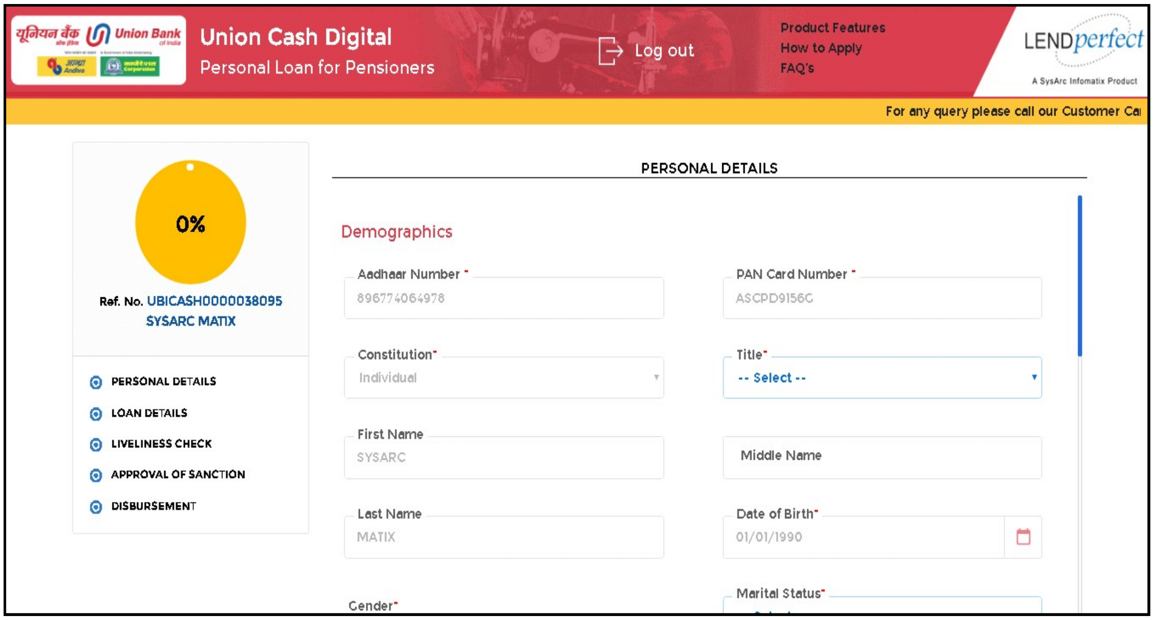
2. Customer Journey

a) Customer can access the journey page by visiting the official website of the Bank and clicking on “Apply Online” tab under the Hamburger menu or by directlyclicking on the URLhttps://instaloan.unionbankofindia.co.in/pension/pensionlanding and start new application. The landing page look like:

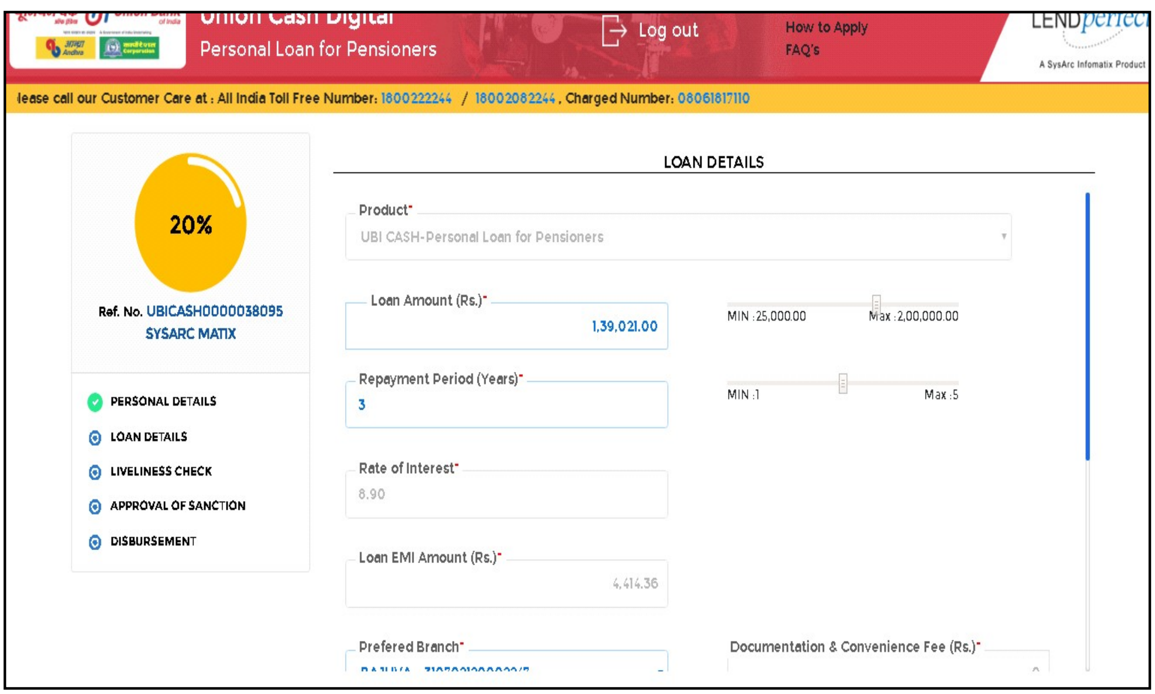
b) For the customer, journey will start from entering Pension account number followed by OTP based verification:



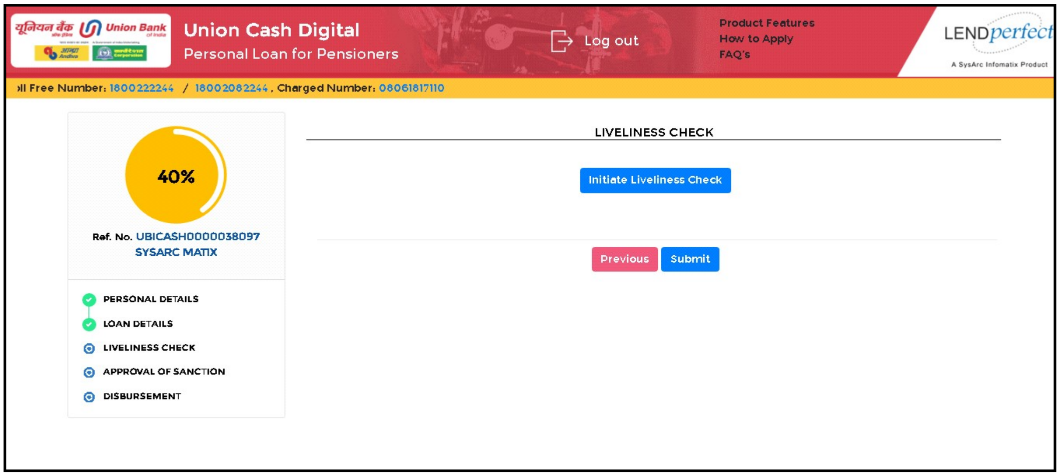
c) If the customer is eligible (as per the list of eligible customer uploaded by CRBD vertical), system will auto-fetch all the personal details of customer like name, gender, date of birth, communication & permanent address, previous employer name, PPO no/staff id etc.

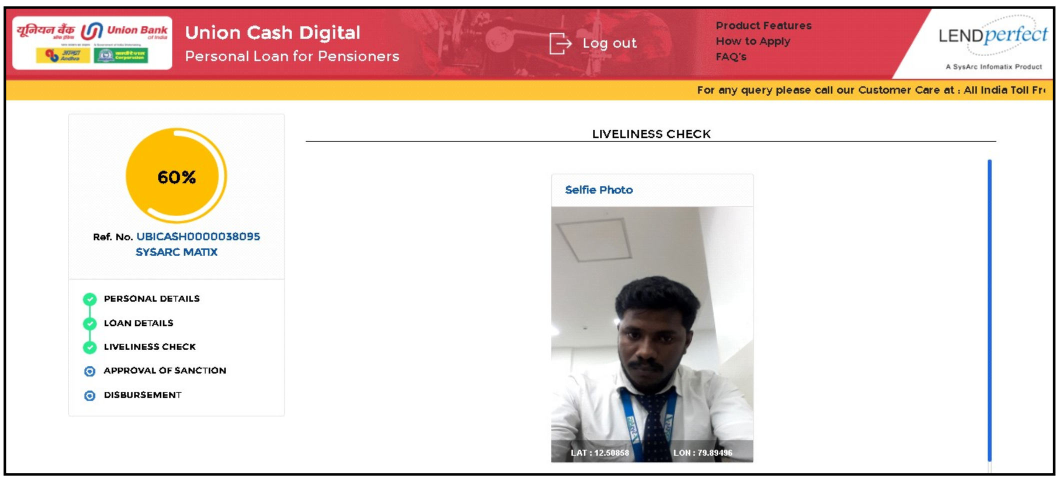


d) On the next page the system will display the eligibility amount which is pre-calculated and stored in database. Customer to confirm the loan amount and tenure. The customer can edit the loan amount and the tenure, within the permissible range of Maximum EMI and eligible offer limit.

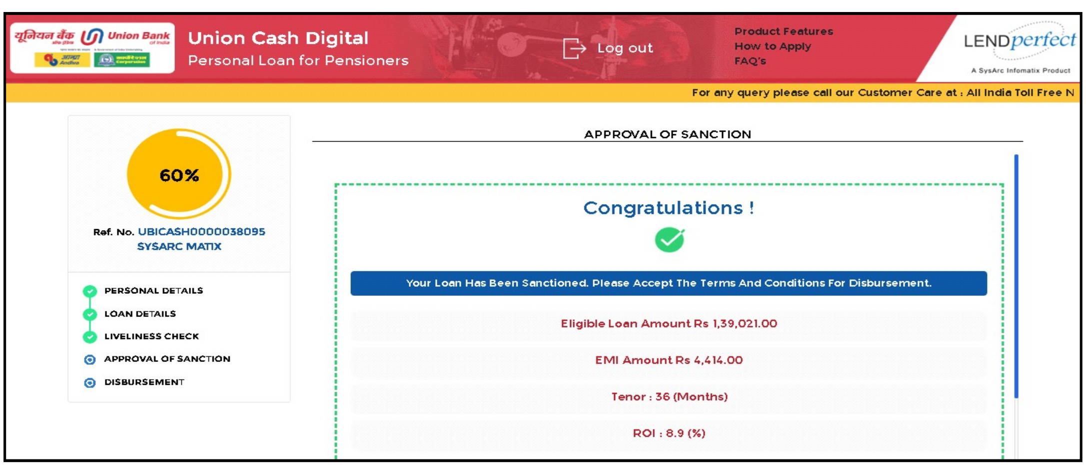


e) Liveliness Check–Liveliness check will be done before sanction of the loan. Live selfie of the customer will be captured by the system and will be compared with the photograph taken from Aadhar. If the customer's face matches with the Aadhar photograph.

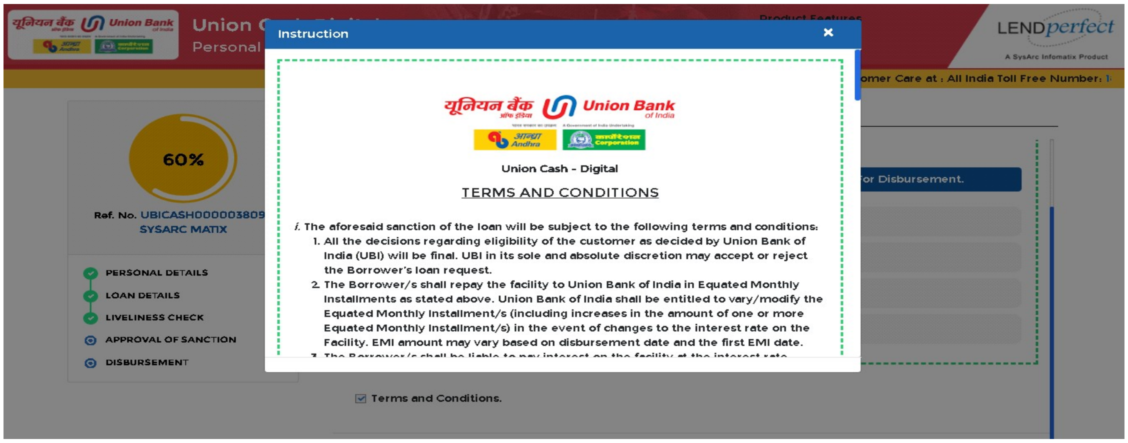


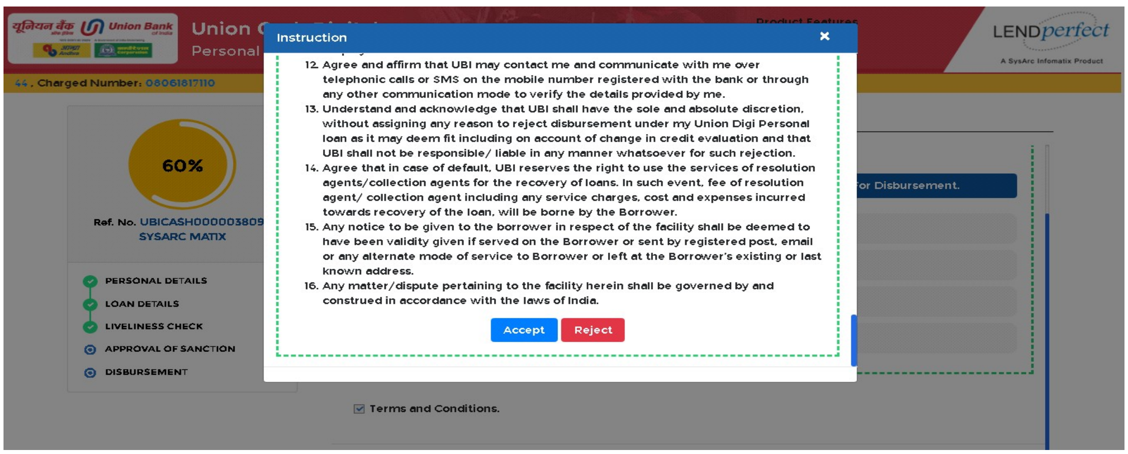


f) Once the liveliness check is complete and successful, the system will show the sanction amount to the customer

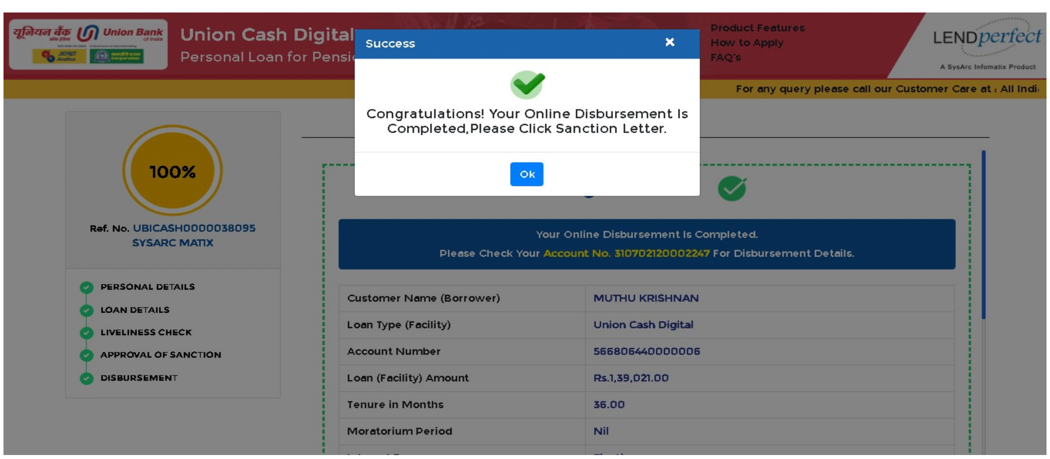


g) **Documentation**- No physical documents will be obtained from the customer except for OTP based acceptance of the terms and conditions.

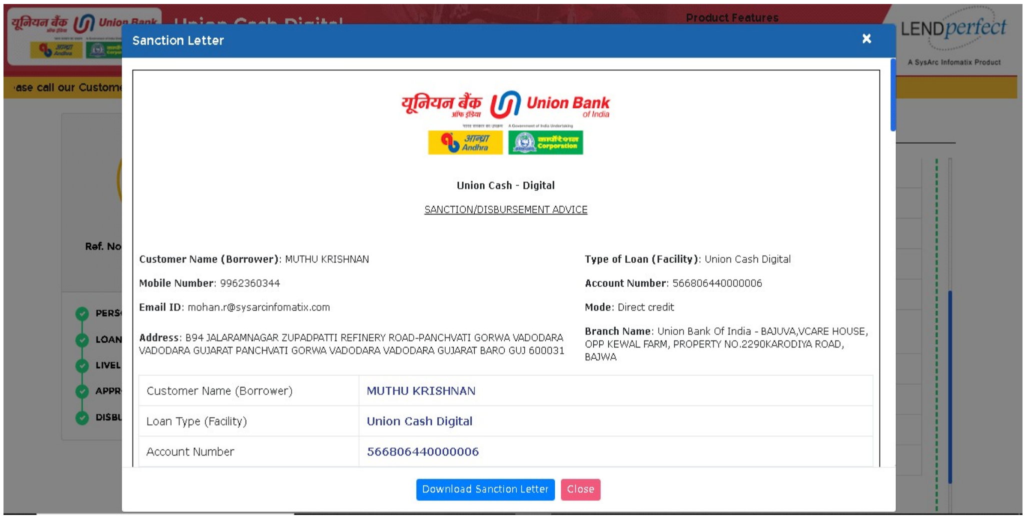




h) **Disbursement** - After customer accepts the terms and conditions, account will be opened in CBS with key identifier 'Digital' and amount will be credited to customer's account. A separate scheme code for this purpose has been created in Finacle. All the accounts under digital union cash will be opened in "DCLPN".



i) **Issuance of sanction letter** – A link for generating the sanction letter will be given to the customer. A copy of the sanction letter will also be sent to the registered email id of the customer.



j) **EMI Start Date** - EMI start date will match with the pension credit date i.e. system will automatically fix the EMI start date as 1st of the next month, if the loan is availed on or before 15th of any month. In case any loan is availed after 15th of any month, then the EMI start date to be the pension credit date of subsequent month. Ex. (a) If any customer has availed the loan on 10th of August, then the EMI start date to be 1st of September (b) If any customer has availed the loan on 20th of August, then the EMI start date to be 01st October,1st of subsequent month. Break period interest will be recovered for the interim period.

k) **Loan Recovery**- Auto creation of SI for EMI recovery: Auto debit of due amount will happen from linked pension account with ***hold in Operative A/C for Amt Due flag*** set to value 'Yes'. Installments will be recovered through standing instructions (SI), which will be auto created after customer accepts the T&C. In case of SI failure, system will automatically mark a lien of the overdue amount and recover the amount as and when any credit is received in the account.

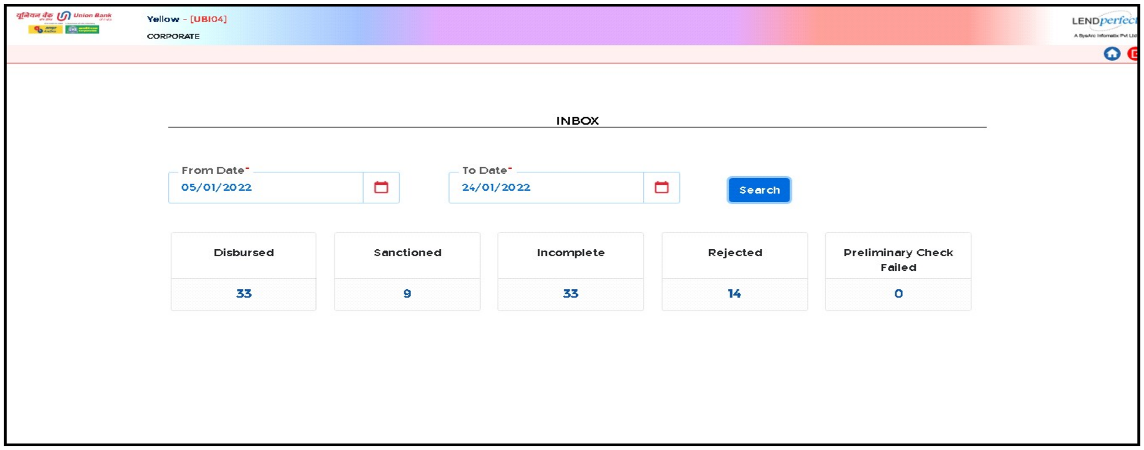
l) A sanction letter will be mailed to the base branch and the customer on the registered e-mail ID along with SMS confirming disbursement of loan. Branch will have to take the printout of the same and keep in their records.

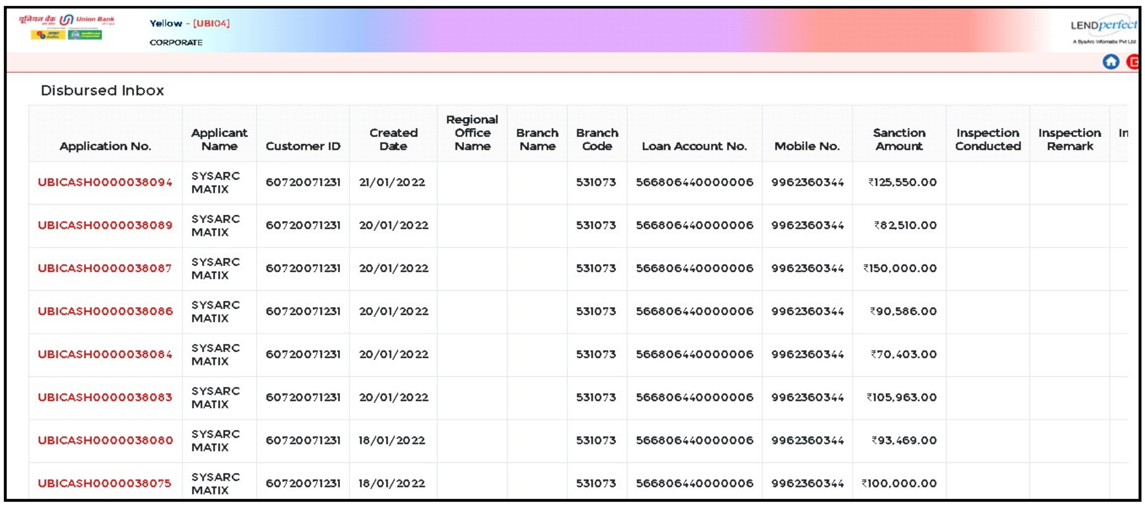
m) After sanction and disbursement, the loan will move to '*Branch Inbox in Banker Log in*', of the concerned branch (which is maintaining the pension account of the customer).

n) The link for assessing the Banker login is https://instaloan.unionbankofindia.co.in/pension/bankerlogin. The login ID and password is same as for *LAS Log in*.

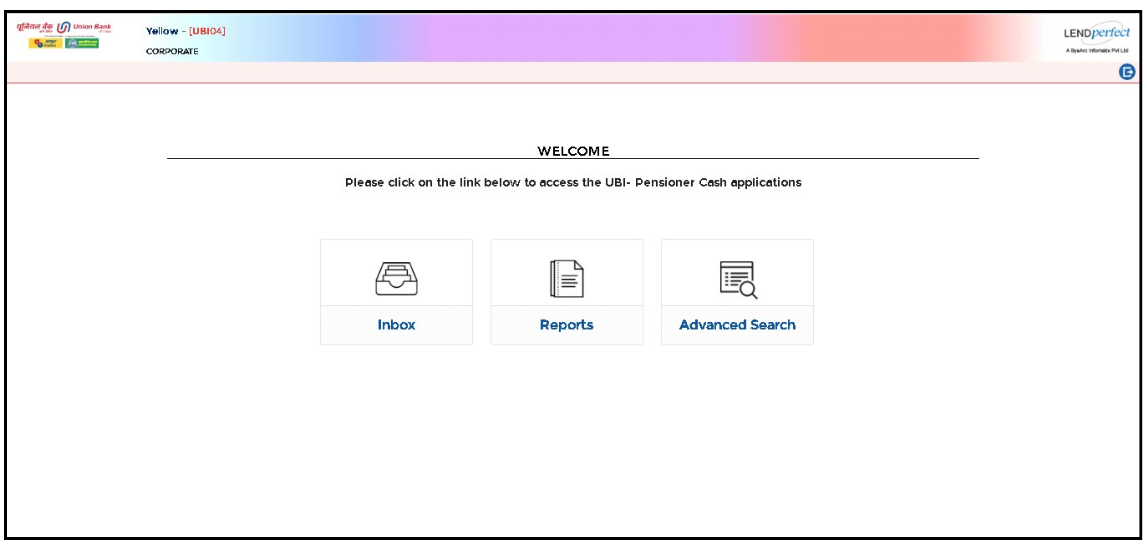
o) Branches are required to download the sanction letters for the loan sanctioned and keep a copy of the same for future reference. The sanction letter will have the IP address, time and date stamp as well as longitude/altitude of the location. These details are very useful for the Branch.

p) Apart from the disbursed applications, Banker login will also provide the MIS details, incomplete applications and rejected application details for their reference.





Application No.	Applicant Name	Customer ID	Created Date	Regional Office Name	Branch Name	Branch Code	Loan Account No.	Mobile No.	Sanction Amount	Inspection Conducted	Inspection Remark	In
UBICASH000038094	SYSARC MATIX	60720071231	21/01/2022			531073	566806440000006	9962360344	₹125,550.00			
UBICASH000038089	SYSARC MATIX	60720071231	20/01/2022			531073	566806440000006	9962360344	₹82,510.00			
UBICASH000038087	SYSARC MATIX	60720071231	20/01/2022			531073	566806440000006	9962360344	₹150,000.00			
UBICASH000038086	SYSARC MATIX	60720071231	20/01/2022			531073	566806440000006	9962360344	₹90,586.00			
UBICASH000038084	SYSARC MATIX	60720071231	20/01/2022			531073	566806440000006	9962360344	₹70,403.00			
UBICASH000038083	SYSARC MATIX	60720071231	20/01/2022			531073	566806440000006	9962360344	₹105,963.00			
UBICASH000038080	SYSARC MATIX	60720071231	18/01/2022			531073	566806440000006	9962360344	₹93,469.00			
UBICASH000038075	SYSARC MATIX	60720071231	18/01/2022			531073	566806440000006	9962360344	₹100,000.00			



Annexure II

Roles and Responsibilities

1. Branch has to download a copy of the sanction advice and file in their records for future reference. The sanction advice will have details of Mobile number, device's IP, date & time stamp along with location (lat-long) details. In addition to this, branch must confirm if standing instruction (SI) has been successfully created for the customer with the 'hold in Operative A/C for Amt Due' flag set to value 'Yes' and mapped to the pension account for the EMI recovery. (Feature of Auto creation of SI exist). In case of any discrepancy observed, branch to get it rectified and an information in this regard to be emailed to CRBD, CO.

2. Respective Branch/RO/ZO to monitor the collections and recovery process in all the loan accounts sanctioned under this scheme, as per existing monitoring guidelines. In case of delinquency, recovery processes to be initiated as per extant guidelines.

3. At present there is no digital review mechanism in place for retail loans. Hence these loans will be reviewed by the branches/offices as per the existing guidelines, till a digital review mechanism for retail loans is introduced by the Bank.

4. Going ahead, it is planned to upload the Union Cash Digital data on 'My Diary' portal. Branches/RO to check the data on daily basis for following up with customers.

5. **Data Enrichment Activity** – Data enrichment is very critical for the success of this product. For this the branch must ensure that KYC details are updated for the entire pension account holder.

6. **All the Branches are required to get the consent/undertaking form executed from the nominated family pensioner of the borrower at the earliest. Sanction letter along with consent/undertaking form should be invariably keep in their records for future reference for all the loan accounts. Format of the consent/undertaking letter is given as Annexure IV.**

Annexure III

<table>
<tr><th>Parameter</th><th colspan="2">Guidelines</th></tr>
<tr><td>Name</td><td colspan="2">• Union Cash Digital– For Regular Pensioner including staff pensioner</td></tr>
<tr><td>Eligibility</td><td colspan="2">• Customer should be a regular pension account holder of our Bank.
• Family pensioners excluded
• Customer should have a valid PAN number and it should be updated in the pension account.
• Pension Treasury details or staff No. should be available.
• Customer should not have any outstanding Union Cash Loan.</td></tr>
<tr><td>Scope</td><td colspan="2">Pan India</td></tr>
<tr><td>Purpose</td><td colspan="2">• To meet personal needs
• Loan not to be used for speculative purpose. An online declaration in this regards to be obtained from the customers (in-built in T&C).</td></tr>
<tr><td>Nature of facility</td><td colspan="2">Term Loan</td></tr>
<tr><td>Quantum</td><td colspan="2">Minimum: Rs 25,000 (Twenty Five Thousand)</td></tr>
<tr><td></td><td colspan="2">Maximum: Rs 5,00,000 (Five Lakhs)</td></tr>
<tr><td>Margin</td><td colspan="2">Not applicable</td></tr>
<tr><td rowspan="2">Repayment Tenure</td><td colspan="2">Minimum-12 Months</td></tr>
<tr><td colspan="2">Maximum- 60 Months</td></tr>
<tr><td>Moratorium</td><td colspan="2">No moratorium</td></tr>
<tr><td>Security</td><td colspan="2">Nil</td></tr>
<tr><td>Guarantee</td><td colspan="2">Nil</td></tr>
<tr><td rowspan="2"></td><td>Age</td><td>Maximum exit age including the repayment tenor should not exceed 75 years.</td></tr>
<tr><td>Credit Bureau Score</td><td>CIBIL 650 or -1 or equivalent from other credit bureaus.</td></tr>
<tr><td rowspan="12">Assessment</td><td>Income Computation</td><td>Monthly net pension amount credited in the account. (Net Pension means Gross Pension minus Tax)</td></tr>
<tr><td>Monthly Obligation</td><td>EMI amount as per the CIC data.</td></tr>
<tr><td>Sustenance</td><td>50% of the Net Pension</td></tr>
<tr><td colspan="2">Eligibility Computation :</td></tr>
<tr><td rowspan="8">Eligible Loan Amount</td><td>Pension Credited in Last Month in –(A)</td></tr>
<tr><td>Applicable Tax (B)</td></tr>
<tr><td>Monthly Net Pension (C=A-B)</td></tr>
<tr><td>Monthly Sustenance (D=C x 50%)</td></tr>
<tr><td>Any other monthly obligation (as per CIC data) etc.- ('E)</td></tr>
<tr><td>Maximum Eligible EMI (F=C-D-E)</td></tr>
<tr><td>EMI per lakh for scheme ROI and minimum tenure i.e. 1 year (G)</td></tr>
<tr><td>Maximum Eligible Loan (H= F/G)</td></tr>
</table>

	Example	
	Eligible Loan Amount	Pension Credited in Last Month in –**(A)** = Rs 60,000/-
		Applicable Tax (B)=Rs 10,000/-
		Monthly Net Pension (C=A-B)= 60,000-10,000 = Rs 50,000/-
		Monthly Sustenance (D=C x 50%)=50,000 x 50% = Rs 25,000/-
		Any other monthly obligation (as per CIC data) etc.-('E)= Rs 5,000/-
		Maximum Eligible EMI (F=C-D-E)= 50,000-25,000-5,000=Rs 20,000/-
		EMI per lakh for scheme ROI and minimum tenure i.e. 1 year (G)= Rs 8741/- Assumed ROI : 8.90%, Tenure =1 year
		Maximum Eligible Loan Amount (H=F/G) in Rs Lakh as per maximum eligible EMI = 20000/8741=Rs 2.28 lakhs
Undertaking	Online undertaking for not shifting the Pension account, deducting the EMI from pension account, CIBIL reporting and acceptance of terms & conditions	
Delegation	Not applicable as all loans are pre-sanctioned as per criteria approved in CRMC.	
ROI	As applicable to Union Cash	
Charges	Processing fee	Nil
	Overdue charges	Penal interest of 2% p.a. on the overdue amount is applicable from 01st day of default, for the total period during which accounts is in default i.e. amount is overdue.
	Prepayment Penalty	Nil
	Takeover Penalty	Nil
Documentation	• OTP based authentication and acceptance of Terms & Conditions. • No physical security documents to be executed. • **Consent/undertaking from the nominated family pensioner to be obtained as per the format devised by CRBD (annexure IV).**	
Other terms	• All other terms, conditions and guidelines as applicable under Union Cash Scheme to be applicable except for deviation approved.	

CONSENT/UNDERTAKING FROM FAMILY PENSIONER NOMINEE
UNION DIGITAL CASH LOAN

From: Name (Family pensioner Nominee) Borrower Name: Loan A/c No Pension Account No	**To:** **Branch Manager** **Union Bank of India** **Branch:________________________**

Dear Sir / Ma'am,

Sub.: Pension Loan Account no. ________________________with your branch

Mr./Ms.__________________________________ maintaining pension account no________________ with your Branch has availed a Digital Union Cash Loan of Rs.- _____________ (Rupees _______________________________) repayable in ________________monthly installments, against said pension account on ____/____/20____.

THAT monthly EMIs payable for the aforesaid loan are being auto deducted from the pension account no. ________________.

THAT Mr./Ms.__________________________________ has nominated me as family pensioner for receiving the monthly family pension in case of his/her demise.

I hereby execute this irrevocable undertaking and undertake/ give consent that in case of demise of Mr.___________________________ before the closure (with up to date interest) of the aforesaid loan, bank shall be authorized to continue deducting the EMIs as per the agreed terms from the family pension account till final closure/adjustment of the loan account.

I further undertake that as a family pensioner, I shall not shift my family pension account to any other Bank till the time all outstanding dues are fully paid. .

This authorization/consent letter shall be irrevocable till the entire dues of the bank under the loan account are repaid/adjusted.

Yours Faithfully,

(Signature of Family pensioner Nominee)