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CAPITAL PARTNERS

**Altum<sup>®</sup>  
Credo**  
Home Finance

 **The  
Digital  
Fifth**

**TRANSFORMING SECURED LENDING**



# **Re-imagining Home Loans:**

Unlocking Speed and Efficiency through Digital Transformation



## Foreword

The home loan sector is on the verge of a groundbreaking transformation, driven by the vast potential of digital technologies, rising GDP growth, and the opportunities presented by an under penetrated market. I believe that digitization is not merely an option but a necessity to re-imagine the home loan landscape, making it more efficient, customer-centric, and future-ready.

India's housing loan market, valued at ₹27.37 trillion in 2024, is projected to grow to ₹46.60 trillion by 2029, showcasing remarkable growth in recent years. With outstanding individual home loans growing at a 16.4% from FY23 to FY24, the sector demonstrates immense potential for transformation and innovation. This report delves deep into how advanced technologies like AI-driven analytics, automated valuation models, and *phygital* approaches—seamlessly blending physical and digital touch-points—can address inefficiencies, reduce turnaround times, and elevate customer satisfaction. It highlights the role of regulatory support and key government initiatives, such as Pradhan Mantri Awas Yojana (PMAY), RERA, and the India Stack framework, which have laid the groundwork for this evolution. These initiatives have not only created a favorable ecosystem for innovation but also positioned lenders to expand into under penetrated markets with greater efficiency and scale.

The report emphasizes that embracing these innovations can help lenders to streamline operations, enhance customer experiences, and unlock new revenue opportunities. By improving operational efficiency, reducing costs, and expanding market reach—especially in rural and under served segments—lenders can achieve sustainable growth while contributing to broader financial inclusion. Additionally, this report provides an in-depth analysis of the home loan lifecycle, spotlighting common market practices, challenges, and operational inefficiencies observed in the market.

The insights and recommendations presented here have been derived through conversations with Banks, NBFCs, HFCs, and investors. The experiences and feedback underscore the immense opportunities in how the home loan journey can be redefined, creating a future that is not just digitally efficient but also economically impactful and socially inclusive. The insights are from a broad market perspective and can serve as a foundation for stakeholders across the spectrum to adapt to their unique circumstances.

Let's together create a future where housing finance is not only seamless but also a driver of sustainable growth and inclusion.

# MEET THE AUTHORS



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# ABOUT THE DIGITAL FIFTH



Organiser of Bharat Fintech Summit, one of the largest & most influential Fintech event in India.



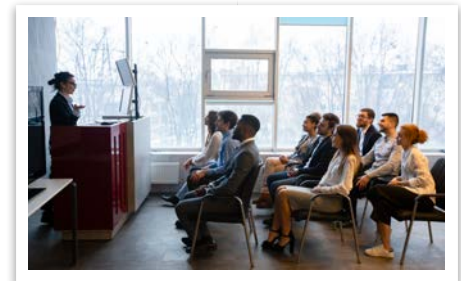
Amongst the Largest Player in Asia.



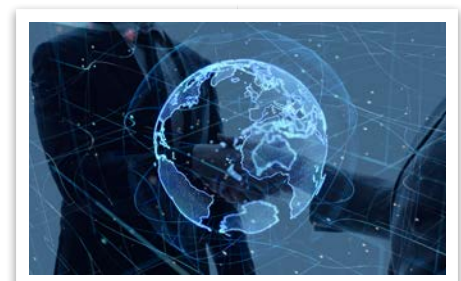
1st in India to provide practical and pioneering training programs in Fintech and Digital Finance.

## CONSULTANCY SERVICES

## CORPORATE TRAINING



## PARTNERSHIPS



### Digital Strategy

Building vision and roadmap for the organizations to embark on the Digital Journey

### Regulatory Compliance Framework

Overview of the current compliance practices and regulatory policies to build best compliance practices

### Product Management

Assisting in building Digital Products through Benchmarking, PRD, BRD and Optimized Journeys

### Technology Advisory

Studying the technology architecture, platforms, cybersecurity frameworks to ensure scalability, security and sustainability

### Program Management

Setting and implementing robust program governance framework for executing critical and time-bound programs

### Process Optimization

Assist in understanding current processes and research through market practices to design the optimal processes



Amicus Capital is an India-dedicated growth capital fund set-up by experienced PE professionals. The Firm currently has assets under management of \$280 million across two funds.

Amicus Capital is focused on investing in sectors where the investment team has deep experience and networks - financial services, consumer, healthcare, technology & business services, and specialty manufacturing. The Fund seeks to invest in capital efficient and fast-growing businesses looking to scale-up once the business model is proven and partners with entrepreneurs to create segment/category leaders.

[www.amicuscapital.in](http://www.amicuscapital.in)

Altum Credo Home Finance Private Limited (ACHF) is a Housing Finance Company registered with the National Housing Bank and headquartered in Pune, with operations across Maharashtra, Tamil Nadu, Karnataka, Rajasthan, Andhra Pradesh, and Telangana.

With a commitment to financial accessibility, the company empowers first-time home buyers by offering tech-driven, affordable housing finance solutions by delivering personalized, best-in-class services at affordable EMIs. The company caters to customers traditionally excluded from formal long-term financing channels.

[www.altumcredo.com](http://www.altumcredo.com)

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# EXECUTIVE SUMMARY

India's home loan sector is undergoing a transformative shift, fueled by strong GDP growth, a rising working population, and increasingly aspirational customers. With outstanding individual home loans reaching ₹27.37 trillion in FY24—growing at 16.4% year-on-year—the demand for housing finance has never been stronger. However, this growth is hindered by inefficiencies in the lending process, from cumbersome documentation to slow approvals and manual underwriting that adds cost and friction for both lenders and borrowers.

Digital transformation is no longer optional—it is imperative. The India Stack framework has revolutionized financial services, with Aadhaar-based eKYC, UPI, and the Account Aggregator framework enabling seamless, consent-driven data sharing. These innovations have reduced onboarding time from days to minutes, improving credit assessments and financial access. Yet, major bottlenecks remain, particularly in legal verification, property valuation, and land record digitization. While nearly 80% of secured lending processes can now be automated, the remaining 20%—which involves complex, manual workflows—continues to slow down the system.

Customer experience in home loans lags behind other lending segments, weighed down by lengthy turnaround times, redundant paperwork, and a lack of transparency. Legacy systems and high staff attrition further compound these challenges. Because home loans are infrequent, digitization in this space has historically been deprioritized, even as demand for a faster, more seamless experience grows. The solution lies in AI-driven analytics, automated valuation models, and hybrid 'phygital' approaches that combine digital efficiency with human support to simplify due diligence and verification.

Government policies such as Pradhan Mantri Awas Yojana (PMAY) and RERA are playing a critical role in expanding financial inclusion and driving innovation. By encouraging digitization, streamlining approvals, and enforcing transparency, these reforms are helping reduce friction and improve trust in the system. Faster processes, lower costs, and broader market reach will not only benefit lenders but also ensure housing finance is accessible to millions of Indians.

The future of home loans will be shaped by those who embrace technology, rethink customer experience, and leverage data to unlock new opportunities. As the sector evolves, the organizations that lead with digital-first solutions will define the next era of housing finance. It's time to reimagine home loans—not just to meet demand, but to create a system that is efficient, inclusive, and built for the future.

This report explores the potential of digital transformation to revolutionize the home loan landscape in India and analyzes how to strike the right balance between the traditional human-centric approach to home loans and the efficiencies of digitization.

# 01 INTRODUCTION TO HOME LOANS

INTRODUCTION TO HOME LOANS  
HOME LOAN PRODUCT SUITE  
MARKET OVERVIEW  
HOME LOAN LANDSCAPE  
KEY OPPORTUNITIES





# 1.1 INTRODUCTION TO HOME LOANS

## Purpose

Home loans are financial products designed to help individuals purchase, construct, or renovate residential properties



Home ownership



Construction & Renovation



Investment

## Providers

A wide range of financial institutions in India offer home loans, catering to diverse customer segments and needs. These providers include:



Commercial Banks  
Co-operative Banks



Societies



HFCs  
NBFCs

## Underwriting

Home loans are secured loans, backed by the property being purchased as collateral



Property as Collateral



Loan-To-Value Ratio



Creditworthiness of Borrower

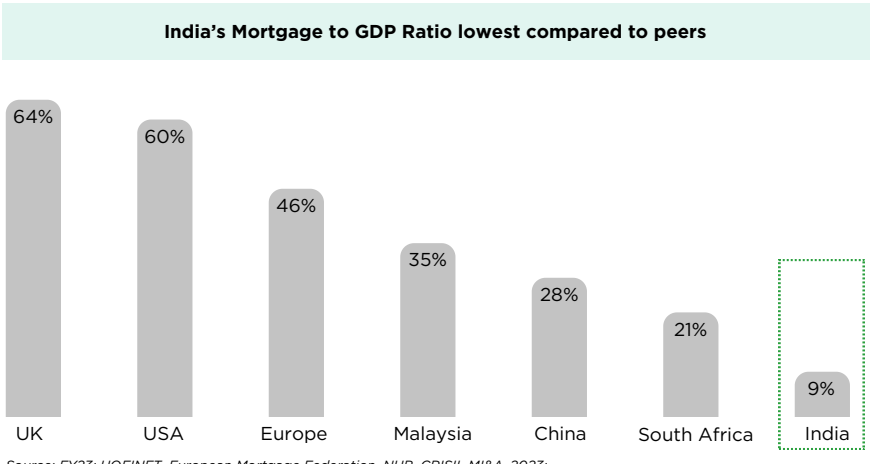
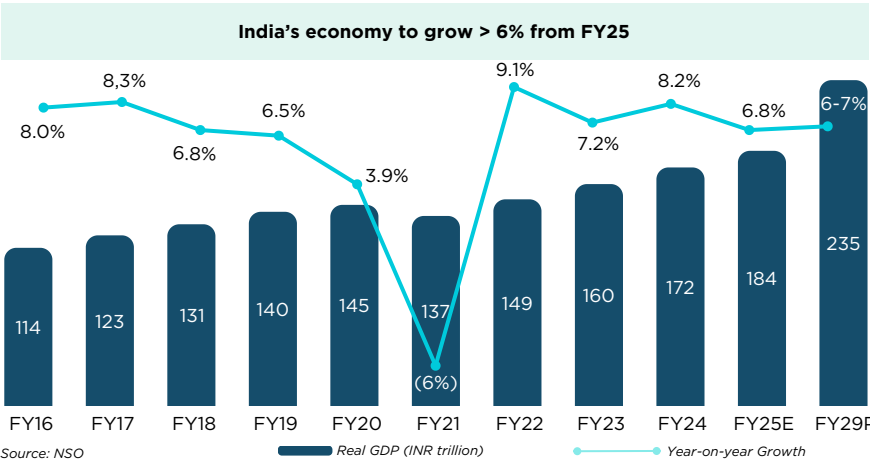
## Steps for Home Loans:



# 1.2 HOME LOAN PRODUCT SUITE



# 1.3 MARKET OVERVIEW



**Favorable demographics & Rapid Urbanization driving demand for housing**

**Demographic Dividend**

67%

Population of working age (<50 yrs)

**Nuclear Household**

Average household size has reduced from **5.5 in 1991 to 4.8 in 2011**

**Urbanization**

40% Urban Population in 2030

28% Urban Population in 2011

Source: World Economic Forum, CRISIL, World Urbanisation Prospects

**Shortage despite 47% share of housing finance in retail credit**

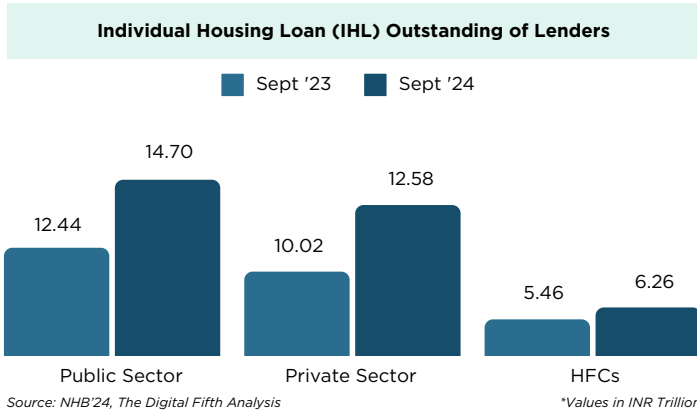
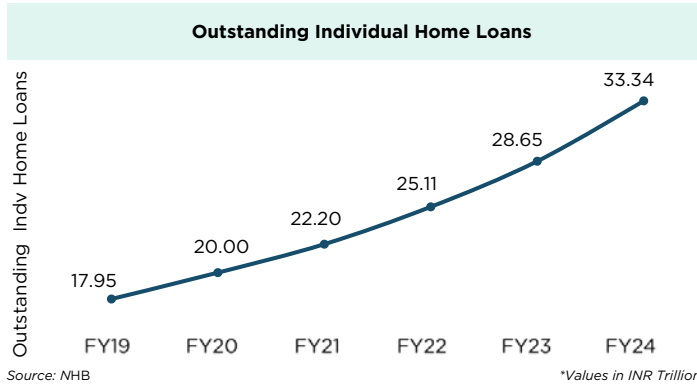
Source: CRISIL, Planning Commission

100 mn  
Housing Shortage

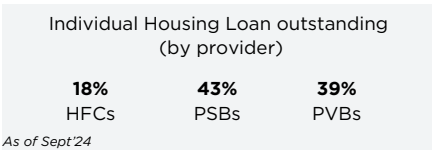
95 mn  
Affordable Housing Shortage

# 1.4 HOME LOAN LANDSCAPE

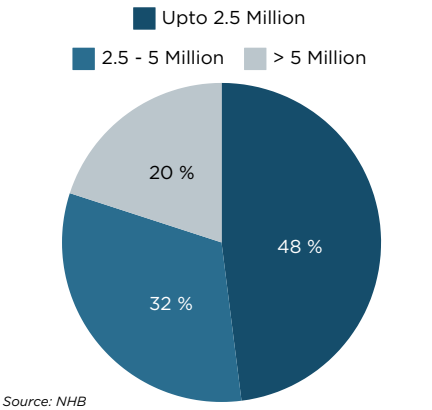
The housing finance sector comprises key players such as Public Sector Banks (PSB), Private Sector Banks (PVB) and Housing Finance Companies (HFCs), channeling financial resources and enabling formal housing credit for the sector.



The outstanding individual home loans grew at **16.4%** from FY23 to FY24, reflecting strong market growth.  
Source: The Digital Fifth Analysis

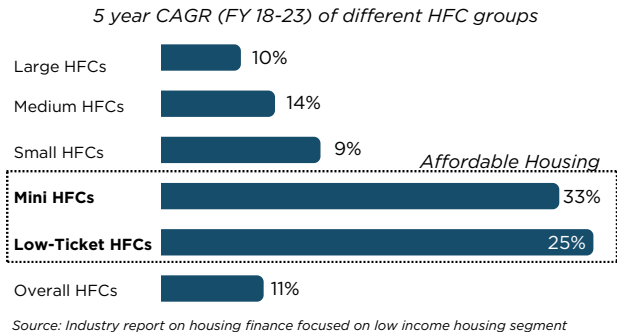


Percentage Share of IHL Outstanding of HFCs (March 2024)

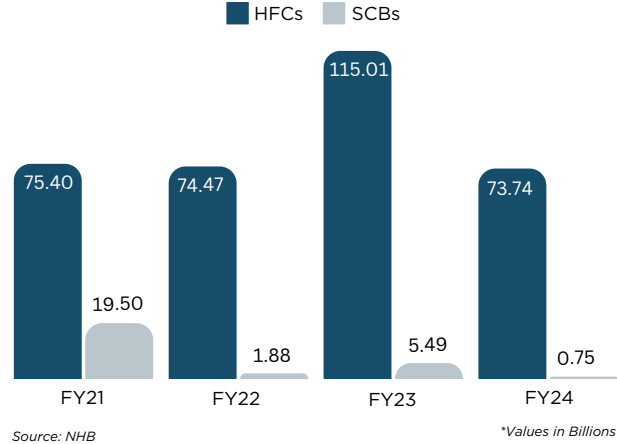


48% of individual housing loans from Housing Finance Companies fall under the up to ₹2.5 Million outstanding loan segment.

### HFC Portfolio growth over time



### Affordable Housing Loan Disbursement



# 1.5 KEY OPPORTUNITIES

## Digitization and Tech-First Borrowers

While digitization in the home loan sector has made significant strides, opportunities for further refinement remain. With a growing base of tech-savvy customers, Do-It-Yourself (DIY) digital journeys can transform borrower experiences by enabling self-service for loan applications, document uploads, and status tracking.

These journeys not only enhance borrower convenience but also drive cost savings for lenders by reducing manual intervention and shortening Turnaround Times (TAT). By integrating AI-driven credit assessments and real-time data analytics, lenders can tap into this potential to cater to evolving borrower preferences while ensuring operational efficiency.

## Partnership based Lending

Partnership of banks with NBFCs for co-lending and Fintechs for sourcing to leverage their digital sourcing capabilities.

Enabling NBFC or Fintech to cater to large amount of customer base with lesser capital by leveraging large balance sheet of partners.



Diversified sales channel and digital sourcing



Customer Experience enhancement and personalization of products



### Reduced Turnaround Time (TAT)

Digital workflows and AI-powered underwriting minimize manual interventions, reducing loan processing times significantly.



### Cost Efficiency for Lenders

Automation lowers operational costs, replacing manual tasks like document verification and loan assessments with streamlined digital systems.

## Collaborative Ecosystem

Unifying valuers, legal experts, technology providers, proptech players, and builders can greatly enhance efficiency and transform the home loan process.



Reduced inefficiencies



Targeted marketing and customized loans

## Digitization of Legal & Technical Verification

Digitizing land records and registration, combined with the usage of LLMs and AI for data matching, can streamline the home loan process and improve efficiency through standardization.



Faster Document Verification



AI enhances accuracy, minimizing fraud

## ONDC Open Network for Digital Commerce

ONDC has launched unsecured personal loans and plans to expand into other unsecured products. After stabilizing these, the organization will focus on secured lending products like home loans.



Standardized & Streamlined Processes



Ecosystem Development



Broader Financial Inclusion



Enhanced Market Reach

Source: ONDC

## Green Financing

The rise in demand for eco-friendly homes offers lenders growth opportunities, with government incentives like higher Floor Area Ratio, fast-track clearances, NHB refinancing, and reduced stamp duty & property tax for green home loans.



Attractive Loan Products

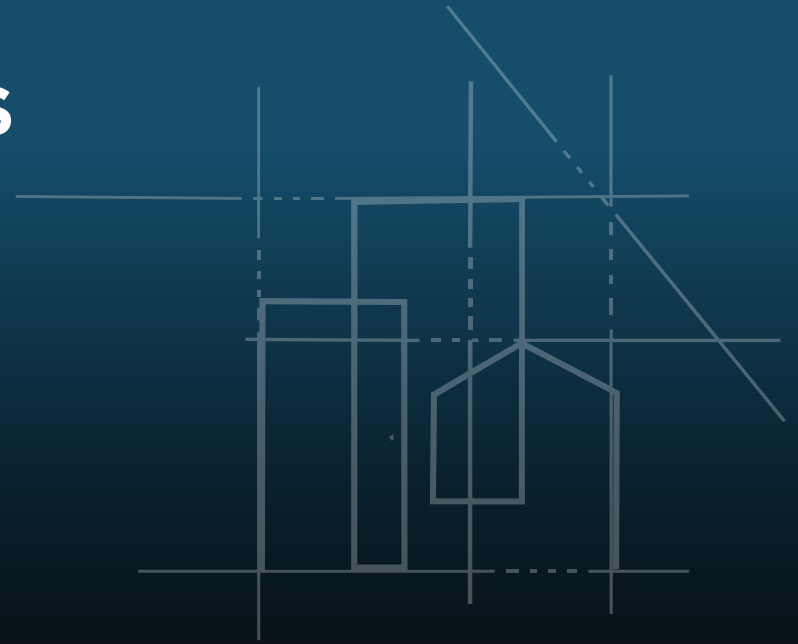


Expanded Market

Source: NHB

# 02 MARKET DYNAMICS

INDIAN HOME LOAN ECOSYSTEM  
MAJOR REGULATORY INFLUENCES  
GOVERNMENT & REGULATORY SUPPORT  
KEY ISSUES IN HOME LOAN





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Sandeep Menon  
Founder, MD & CEO  
Vastu Housing Finance

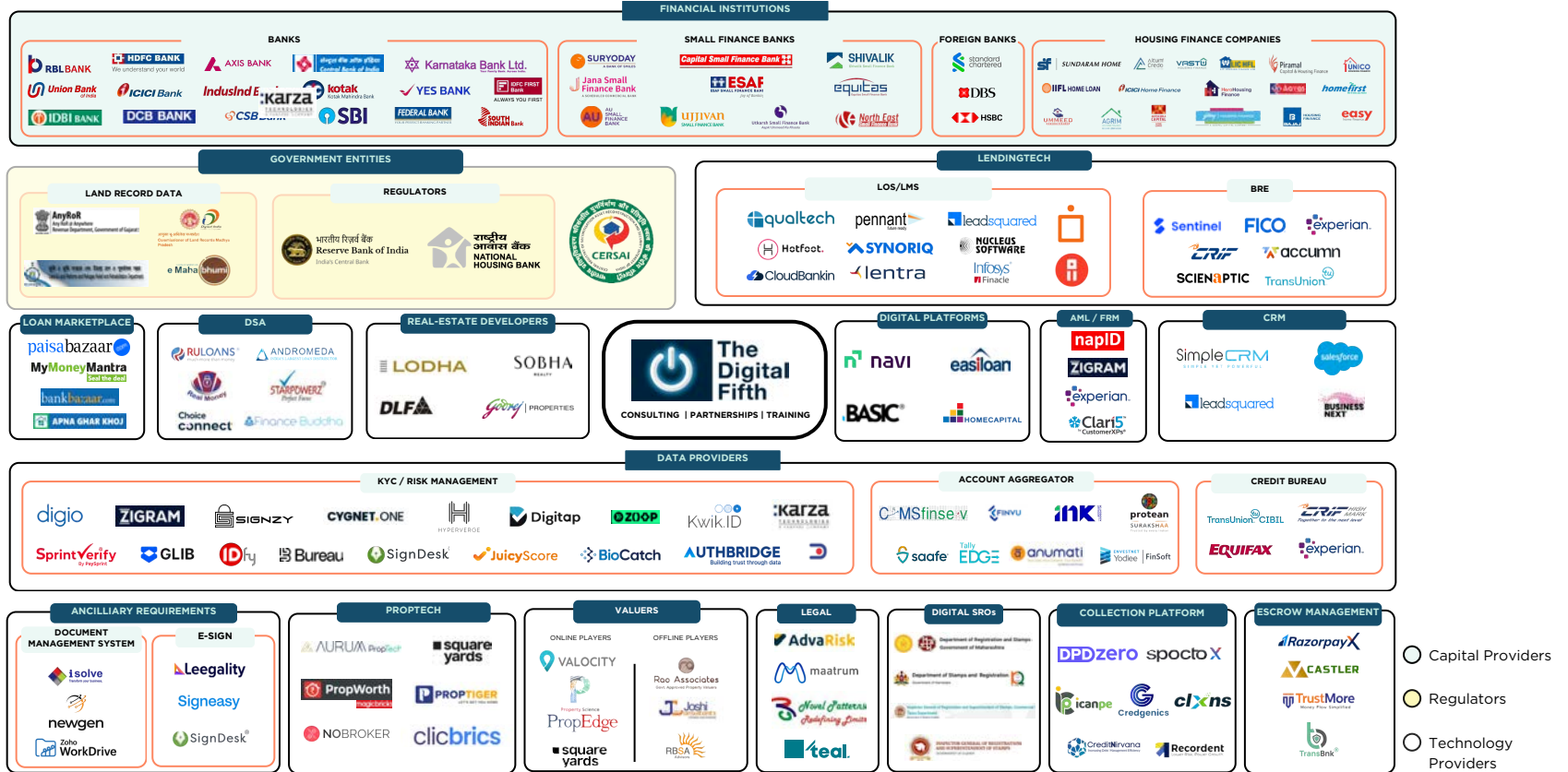
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The market is rapidly advancing in digitization, yet a fully seamless and integrated customer experience remains an aspirational goal for many. As companies prioritize customer-centric strategies, they are making significant strides in leveraging digital ecosystems like land records, KYC, account aggregators, etc., to streamline the home loan process. This transformation is driving faster approvals and disbursements, enhancing overall efficiency. With standardized procedures and digital platforms improving scalability and customer experience, the vision of a fully digital home loan process is progressing at pace.

”

# 2.1 INDIAN HOME LOAN ECOSYSTEM

This Ecosystem incorporates institutions that originate loans, facilitators who streamline the process, lenders supplying the capital, service providers managing back-office functions, technology partners, builders enabling home ownership, and regulatory bodies overseeing the entire process



This ecosystem is representative and not exhaustive.



## 2.2 MAJOR REGULATORY INFLUENCES

Focusing on the opportunities highlights how regulatory frameworks can foster growth, innovation, and stability in the home loan sector, benefiting both borrowers and lenders.

### GOVERNMENT AUTHORITIES



### POLICY & OBJECTIVE

- **Prudential Norms:** Manages housing loan risks through LTV ratios and risk weights, outsourcing guidelines, ensuring financial stability.
- **Interest Rate Guidelines:** Ensures transparency and fairness in loan interest rates.
- **Customer Protection:** Mandates robust grievance redressal mechanisms to protect borrowers.
- **Proactive Monitoring:** Early Warning System (EWS) facilitates continuous surveillance of transactions, allowing for the early identification of anomalies indicative of fraudulent activities.
- **Focus on Housing for individuals:** Principal Business Criteria (PBC) ensures that the housing finance companies are extending loans to individuals and promoting house ownership in the country

- **Liquidity Management :** Provides refinance facilities to HFCs and banks, ensuring liquidity in the housing finance sector.
- **Supervisory Authority:** Strengthens governance in HFCs through compliance frameworks and risk management norms.
- **Affordable Housing Promotion:** Supports housing for all through refinancing schemes for affordable housing projects.

- **Fraud Prevention:** Maintains a registry to prevent fraudulent property transactions.
- **Ease of Verification:** Facilitates quick verification of property titles and encumbrances.
- **Recovery & Lender Empowerment:** SARFAESI, provides framework for recovering NPAs, allowing enforcement without court intervention

- **Transparency:** Mandates project registration and detailed disclosures, providing buyers with essential information
- **Accountability:** Ensures timely project completion and quality by holding builders accountable.
- **Consumer Protection:** Offers a grievance redressal forum for buyers.

### OPPORTUNITIES

- **Risk Optimization:** Ensures stability by targeting low-risk segments and optimizing credit portfolios.
- **Transparent Lending Practices:** Attract borrowers with transparent and competitive interest rates to build trust and expand the customer base.
- **Customer Relationship Strengthening:** Strengthen customer relationships and loyalty by implementing robust grievance redressal mechanisms and positioning as a borrower-friendly lender.
- **Automated Monitoring:** The EWS automates risk monitoring which reduces the need for manual checks, improving operational efficiency, lowering costs, and enabling faster decision-making.
- **Growth Through Acquisition:** Opportunity to acquire portfolios of existing NBFCs, increasing market share and leveraging economies of scale.

- **Promote Business Expansion :** HFC's with refinance facilities have the ability to serve more customers at better rates while effectively managing credit risks.
- **Governance Control:** Strong governance and controls enable borrowers to trust HFCs as lenders, resulting in higher loan uptake.
- **Share in Affordable Housing Growth:** NHB has made a significant contribution to promoting housing.

- **Data Utilization:** Financial institutions can leverage CERSAI's data for better risk assessment and management, improving the overall loan portfolio quality.

- **Consumer Confidence:** RERA's focus on transparency and accountability increases buyer confidence, leading to higher home loan uptake and greater demand for housing.
- **Market Growth:** Ethical practices mandated by RERA attract more investors to the real estate sector, boosting overall market growth and stability.

## 2.3 GOVERNMENT & REGULATORY SUPPORT

### Government Schemes and Initiatives



#### Digital SRO:

The rise of digital Sub Registrar Offices (SROs) standardizes processes, enhances collaboration, and streamlines workflows through digital platforms, improving efficiency and regulatory compliance in the home loan ecosystem.



#### Digital India Land Records Modernization Programme (DILRMP):

This initiative aims to digitize land records, making property title verification seamless and reducing legal risks. States like Telangana and Karnataka are early adopters.



#### RERA Integration:

The Real Estate (Regulation and Development) Act (RERA) has increased transparency and trust in the real estate sector. Digital RERA platforms streamline project approvals and property verification, reducing risks for lenders.



#### GST Benefits:

The government reduced GST rates on affordable housing projects to 1% (without ITC) and on under-construction properties to 5%, encouraging home buyers and increasing demand for home loans.



**Rajiv Awas Yojana (RAY):** Introduced in July 2009, the Rajiv Awas Yojana (RAY) aimed to eliminate slums by providing durable, affordable housing and basic facilities to urban dwellers, while promoting community involvement in planning and implementation.



#### Pradhan Mantri Awas Yojana (PMAY):

Under the Mission "Housing for All by 2022", two broad categories, namely Pradhan Mantri Awas Yojana (Urban) and Pradhan Mantri Awas Yojana (Gramin), were implemented. Credit Linked Subsidy Scheme (CLSS) is a scheme under PMAY (U) to promote affordable housing for weaker sections, with NHB as the Central Nodal Agency.

- **CLSS for EWS/LIG:** As of June 30, 2024, NHB disbursed ₹397.75 Billion for loans totalling ₹1,988.34 Billion through 239 lenders, benefiting 1.6.4 Million households.
- **CLSS for MIG:** As of June 30, 2024, NHB disbursed ₹972.18 Billion (loan disbursements of ₹1.01 Trillion) to 191 PLIs, benefiting 0.46 Million households



#### Rural Housing Interest Subsidy Scheme (RHIS):

As of June 30, 2024, NHB executed MoUs with 100 PLIs, disbursing ₹2.43 Million in subsidies to 23 lenders, and benefiting 12,084 households.



#### Urban Infrastructure Development Fund (UIDF):

In the fiscal year FY 2023-24, the Bank sanctioned ₹296.8 billion and disbursed ₹1.78 billion.



#### Indira Awas Yojana (IAY) and Rural Housing Fund (RHF):

Subsidized housing loans for rural borrowers are provided under schemes like IAY, with a focus on underprivileged sections.

## 2.4 KEY ISSUES IN HOME LOANS



### HIGH PEOPLE DEPENDENCY & ATTRITION

- Home loan journeys are heavily people-dependent. Starting from sourcing, verification, underwriting, disbursement and collections, each stage involves manual intervention.
- The complexity of the product and the lack of clear process deviations result in heavy reliance on human resources.
- Nearly 50% annual churn of field staff creates significant operational challenges, leading to high costs for hiring and training new staff, as well as disruptions in the loan lifecycle and customer experience.



### PARTNER RELATED CHALLENGES

- The highly competitive landscape makes it challenging to establish strong and exclusive partner relationships.
- Inefficient and fragmented processes lead to delays, reducing the effectiveness of partnerships.
- The absence of clear rulebooks adds to the difficulties faced by partners during the initial stages of lead qualification
- The lack of visibility and clear communication between partners hampers trust and collaboration.



### COST OF COMPLIANCE

- The RBI's tightening of regulatory norms, including mandatory monthly ALM reporting and stricter PBC compliance- which requires a majority of assets and income to be from financial activities- have significantly increased the cost burden.
- Key challenges include:
  - Managing compliance through real-time tracking and streamlined workflows to meet regulatory timelines.
  - Ensuring robust Asset Liability Management (ALM) processes to align with regulatory expectations.
  - Addressing increased operational complexity, which leads to higher compliance costs and a greater risk of non-compliance penalties.



### LOW LEVEL OF DIGITISATION

- Digitization in the secured lending segment remains nascent, with limited adoption compared to the digital maturity achieved in unsecured lending.
- Customers increasingly expect a seamless and efficient digital experience in secured loans, akin to what is available in the unsecured loan space.
- The lack of digitization in secured lending leads to slower processes and greater operational inefficiencies compared to unsecured loans.

# 03

## HOME LOAN LIFECYCLE MAPPING

HOME LOAN LIFECYCLE OVERVIEW

EMPATHISE WITH CUSTOMERS





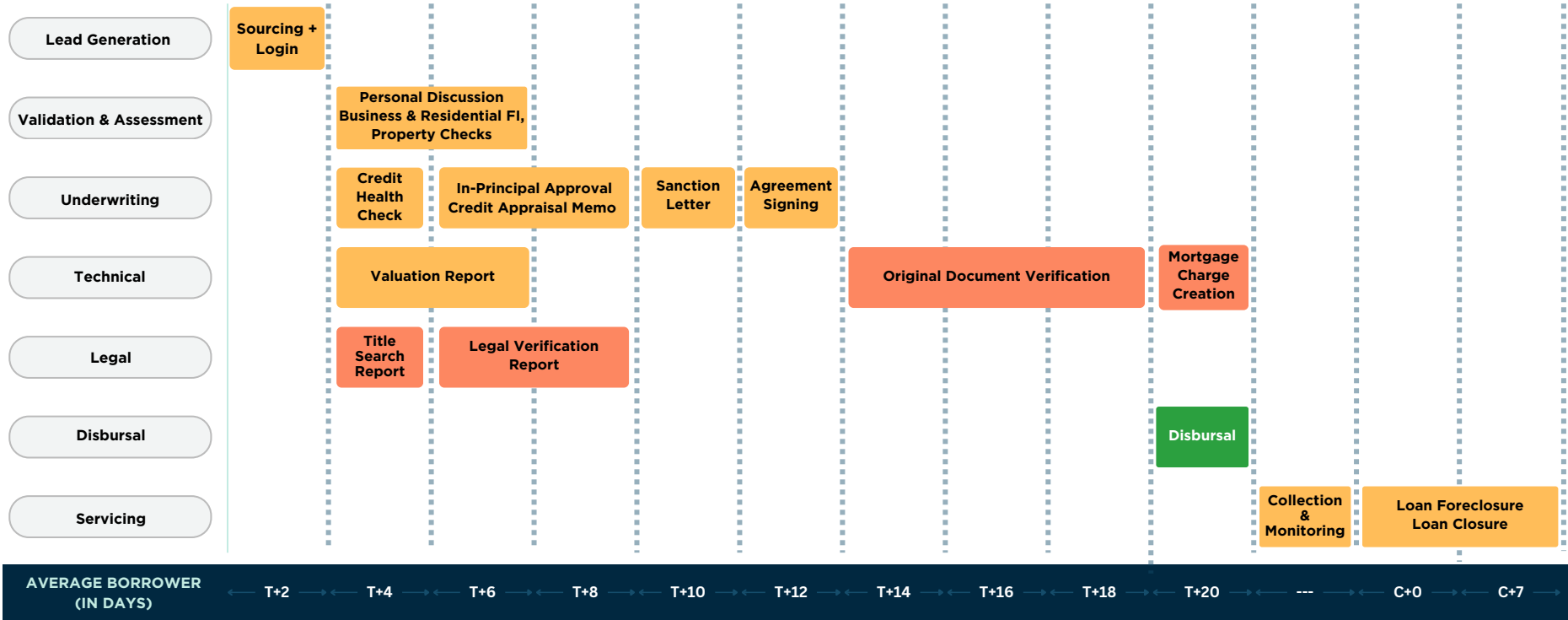
Narendra Nath Mishra  
Head Retail & Agri Loans  
DCB Bank

“

Digitization enables companies, whether starting fresh with digital solutions or transitioning from traditional models, to automate around 80% of their secured loan processes. This can increase productivity by around 20%, but also enhances customer experiences through multichannel access and minimizes manual errors by leveraging systematic API-based approaches. While full digitization remains challenging due to legal checks and property verification, businesses are making significant strides, especially with e-signing, improved centralised legal/valuation management and are poised for further improvement with digitisation of land records, more easier availability of property registration data and fraud detection with AI.

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# 3.1 HOME LOAN LIFECYCLE OVERVIEW



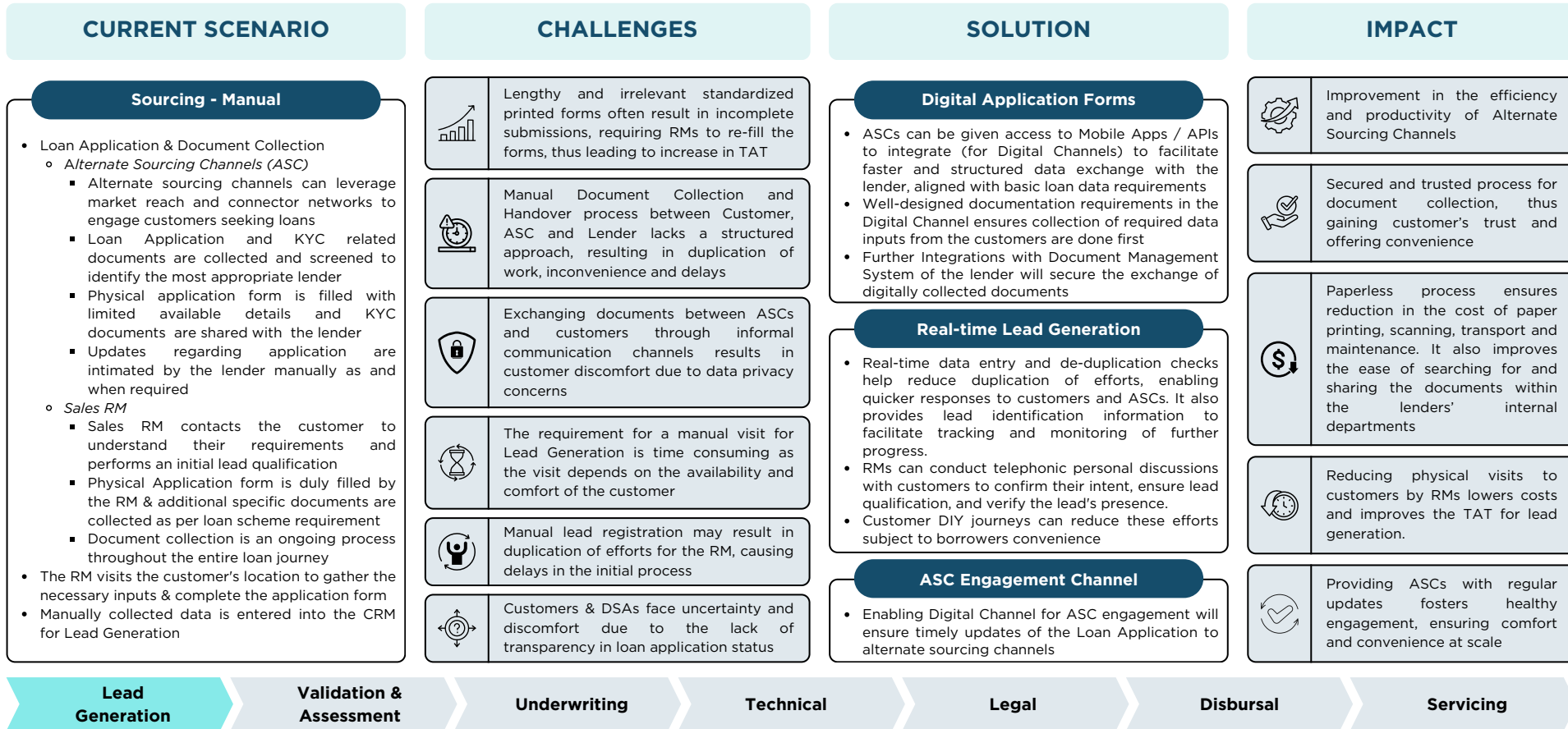
**Assumptions:**

- T = time loan application initiated by customer
- C = time loan closure application initiated by customer
- This timeline does not apply to pre-approved properties
- Working days are considered for the timeline

● Complete Digitization ● Partial Digitization ● Low Digitization

Digitization: Refers to extent of dependence in the journey on technology vis-a-vis human

# 3.1.1 HOME LOAN LIFECYCLE - LEAD GENERATION



# 3.1.2 HOME LOAN LIFECYCLE - VALIDATION & ASSESSMENT







CURRENT SCENARIO	CHALLENGES	SOLUTION	IMPACT
<p><b>KYC Verification</b></p> <ul style="list-style-type: none"> <li>Borrowers provide physical identity documents, such as Aadhaar, PAN, or Voter ID during this step</li> <li>OSV is conducted using the submitted physical documents for verification</li> <li>During the transitional phase, this process is handled by the back office where they validate documents using trusted resources (e.g PAN through NSDL)</li> </ul>	<p> Manual verifications are lengthy and contribute to significant delay in the overall process</p>	<p><b>Digital KYC</b></p> <ul style="list-style-type: none"> <li>Adoption of Digital KYC services reduces TAT for KYC Check and also helps to reduce data input requirements</li> <li>Digital KYC through DIY journeys offers convenience and comfort of secured communication to customers</li> </ul>	<p> Automated KYC integrations can significantly reduce processing times, offering better TAT</p>
<p><b>Risk Screening</b></p> <ul style="list-style-type: none"> <li>Borrowers submit bank statements, salary slips, and income tax returns (ITRs) manually to validate income eligibility</li> <li>Lenders manually cross-check details such as monthly salary, average bank balance, and income tax filings</li> <li>For business owners, additional financial statements (e.g., GST returns), are reviewed for authenticity</li> </ul>	<p> Manual assessment of income requires a specific skillset and requires intervention by a specialised team, leading to increase in internal process overload and delays</p>	<p><b>Digital Credit Assessment</b></p> <ul style="list-style-type: none"> <li>Integration with the consent-based Account Aggregator framework enables seamless sharing of Bank Statement Data, providing a trusted data source for assessment</li> <li>Digital credit assessments based on bureau and bank statement ensures standard credit policy application across the products</li> <li>Initial system based bureau checks enables lenders to faster rejection of leads resulting into better management of qualified leads</li> </ul>	<p> Digital credit assessment enables faster rejection of unqualified leads, allowing focus on qualified ones, thereby reducing effort and cost</p>
<p><b>Risk Assessment</b></p> <ul style="list-style-type: none"> <li>Original KYC document reference checks</li> <li>Cross-referencing borrowers or businesses against government or international sanction lists (e.g., SEBI defaulters, AML watchlists, PEP checks for politically exposed persons, Hunter)</li> <li>Geographies and market dynamics</li> <li>Repeated loan applications using different details</li> </ul>	<p> At this stage, Bureau Validation based rejections leads to redundant efforts invested during the Lead Generation process and inefficiency</p>	<p><b>Centralized Fraud Detection</b></p> <ul style="list-style-type: none"> <li>Automated fraud checks leveraging OCR and AI/ML driven advanced digital solutions help in improving quality checks</li> <li>Deep API based integrations with trusted sources for verification helps resolve fraud concerns in real-time</li> </ul>	<p> Real-time digitized fraud checks help reduce the TAT for the validation process</p>
	<p> Fraud detection relies on manual reviews, leading to higher error rates and delayed escalations</p>		
	<p> Limited integration of databases (e.g., CIBIL, GSTN, MCA) with internal systems, increasing verification times</p>		<p> Qualified applications can be leveraged for competitive pricing and customized loan offerings, enhancing the value proposition for customers</p>











\*Applicable whenever properties are identified



# 3.1.3 HOME LOAN LIFECYCLE - UNDERWRITING

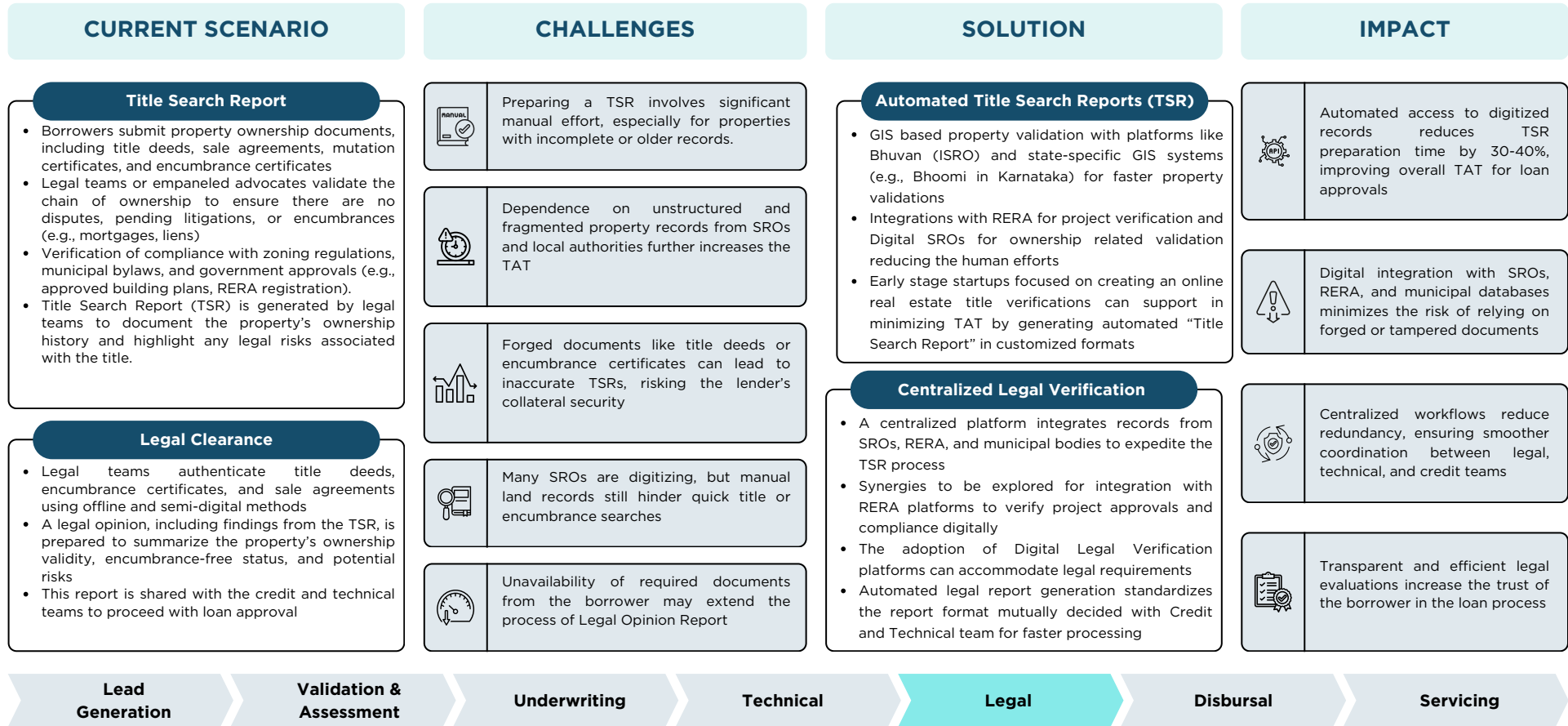
CURRENT SCENARIO	CHALLENGES	SOLUTION	IMPACT
<p><b>Credit Personal Discussions</b></p> <ul style="list-style-type: none"> <li>In-person visits are conducted to validate the borrower's intent, stability, and additional income sources (especially for self-employed or informal sector borrowers)</li> <li>For businesses, PDs involve understanding revenue models, market dependencies, and repayment trends</li> </ul>	<p> Manual PDs increase the turnaround time (TAT), especially when multiple stakeholders (e.g., self-employed borrowers) are involved</p>	<p><b>Virtual PD</b></p> <ul style="list-style-type: none"> <li>The usage of AI-driven virtual PD platforms for preliminary discussions through automated video calls eliminates the need for in-person visits</li> <li>AI tools can be used to identify inconsistencies or red flags during discussions.</li> </ul>	<p> Reduced dependency on physical visits eliminates location-specific practices, ensuring a unified customer experience and reduction in costs</p>
<p><b>Credit Capability Analysis</b></p> <ul style="list-style-type: none"> <li>Verified data and FI reports, such as bureau records and bank statements, are used to assess the borrower's creditworthiness based on obligations, income, and credit policies</li> <li>In case of any policy deviation, approval is sought from the respective authority via email</li> <li>Lenders use rule-based methodologies (like FOIR) to evaluate eligibility for the proposed loan amount</li> </ul>	<p> Credit team may opt for manual calculation in Excel due to the complexity of credit policies and the variety of products, increasing the risk of errors</p>	<p><b>Business Rule Engines</b></p> <ul style="list-style-type: none"> <li>BREs are equipped with rule-based automated decision-making capabilities and real-time data integration with external data sources, enabling accurate risk assessment in-line with credit policies</li> <li>New-age BREs are cloud compatible and highly configurable, offering flexibility and scalability</li> <li>BREs can be enhanced to manage the deviation approval matrix, enabling system-based approvals through proper configurations and eliminating the need for email communications</li> <li>Automated BREs can also simplify the CAM preparation by leveraging integration and calculation capabilities</li> </ul>	<p> AI-Powered Underwriting will significantly reduce manual intervention, eliminating human errors and delays in financial assessment.</p>
<p><b>CAM + IPA</b></p> <ul style="list-style-type: none"> <li>Based on PD and credit assessments, the Credit team drafts CAM consolidating the borrower's financial data, credit history, PD outcomes, and preliminary loan limit</li> <li>An IPA, indicating the preliminary loan amount the borrower qualifies for, is issued subject to subsequent technical and legal evaluations and shared with the customer, emphasizing the conditional nature of the approved limit</li> </ul>	<p> Current methods rely heavily on manual interpretation, overlooking opportunities for AI/ML-driven insights into creditworthiness and repayment capacity.</p>	<p><b>Clear IPA Communication</b></p> <ul style="list-style-type: none"> <li>The borrower communication &amp; portal must include the conditional nature of the In-Principal Approval and call out pending steps for final sanction letter</li> </ul>	<p> Real-time data integration ensures lenders stay updated with the borrower's financial health.</p>
<p><b>Lead Generation</b></p>	<p><b>Validation &amp; Assessment</b></p>	<p><b>Underwriting</b></p>	<p><b>Technical</b></p>
		<p><b>Legal</b></p>	<p><b>Disbursal</b></p>
			<p><b>Servicing</b></p>

# 3.1.4 HOME LOAN LIFECYCLE - TECHNICAL







CURRENT SCENARIO	CHALLENGES	SOLUTION	IMPACT			
<p><b>Property Document Submission</b></p> <ul style="list-style-type: none"> <li>Borrowers submit property-related documents, such as title deeds, sale agreements, approved building plans, and encumbrance certificates**</li> <li>Documents are often collected manually during visits or uploaded on semi-digital platforms</li> </ul>	<p> Ensuring the reliability and quality of valuation agencies is time-consuming, especially in remote geographies</p>	<p><b>Standardized Valuation Practices</b></p> <ul style="list-style-type: none"> <li>Empanel valuation agencies with uniform guidelines and frameworks to ensure consistent property assessments</li> <li>Practice utilization of GIS platforms (e.g., Bhuvan by ISRO) or state-specific GIS systems (e.g. Bhoomi) for real-time property verification</li> </ul>	<p> Reduced TAT with Automated Valuation Models eliminates the 2-3 day manual process for property valuations</p>			
<p><b>Property Valuation</b></p> <ul style="list-style-type: none"> <li>External valuation agencies or internal technical teams or both conduct property valuations to verify the location, dimensions, condition and estimate the market value based on comparable properties in the area</li> <li>For under-construction properties, the technical team verifies the construction stage &amp; developer compliance with approved plans (as applicable)</li> <li>Physical visits are conducted to cross-check claims against actual progress</li> </ul>	<p> Valuation outcomes vary across agencies and lenders due to differences in risk appetite and assessment frameworks, leading to borrower dissatisfaction</p>	<p><b>Digital Property Valuations</b></p> <ul style="list-style-type: none"> <li>Deploy machine learning-driven Automated Valuation Models (AVMs) to generate property valuations based on historical data, market trends, and property details</li> <li>Integrate AVMs with RERA databases and local property registries for accurate valuations</li> <li>Utilize digital inspection tools for real-time updates on property condition, dimensions, and construction progress</li> </ul>	<p> Standardized reports across vendors ensure consistency and transparency for better decision-making</p>			
<p><b>Technical Valuation Report</b></p> <ul style="list-style-type: none"> <li>A technical valuation report is prepared and reviewed by technical experts to assess the property's market value, location, condition, and risks, such as zoning violations, structural issues, or illegal acquisitions</li> <li>The report and remarks are shared with Credit Teams for further processing</li> <li>Borrowers frequently encounter variations in valuations across lenders</li> </ul>	<p> Physical property inspections for valuation and construction verification cause delays, particularly for rural or under-construction properties</p>	<p><b>Integrate Technical Evaluation Platforms</b></p> <ul style="list-style-type: none"> <li>Deep integrations with Digital Technical evaluation platforms accessible to Credit and Legal teams for better collaboration and faster TAT</li> </ul>	<p> Streamlined workflows across technical, credit, and legal teams eliminate redundancies, improving overall process efficiency</p>			
<p> Manual verification processes are prone to errors, increasing the risk of relying on forged documents or misrepresented property details</p>	<p> Lack of seamless integration among credit, legal, and technical teams results in redundant efforts and extended TAT</p>					
<p><b>Lead Generation</b></p>	<p><b>Validation &amp; Assessment</b></p>	<p><b>Underwriting</b></p>	<p><b>Technical</b></p>	<p><b>Legal</b></p>	<p><b>Disbursal</b></p>	<p><b>Servicing</b></p>

\*\*Applicable for pre-identified properties









# 3.1.5 HOME LOAN LIFECYCLE - LEGAL



# 3.1.6 HOME LOAN LIFECYCLE - DISBURSAL

CURRENT SCENARIO	CHALLENGES	SOLUTION	IMPACT
<p><b>Sanction Letter</b></p> <ul style="list-style-type: none"> <li>Upon IPA acceptance by borrower and post credit, technical, &amp; legal evaluations, the lender generates the Final Sanction Letter detailing the loan terms, disbursement conditions, and repayment structure</li> <li>Borrowers review the terms and provide formal acceptance through signed acknowledgment or digital acceptance via portals</li> </ul>	<p> Sharing the sanction letter physically or manually following up for borrower acceptance delays the overall process</p>	<p><b>Digital Sharing of Sanction Letters</b></p> <ul style="list-style-type: none"> <li>Share sanction letters through secure digital channels (e.g., email, customer portals)</li> <li>Enable borrowers to review and provide Aadhaar-based e-signatures or digital acknowledgments to accept the terms.</li> </ul>	<p> Digital Signatures reduced TAT by eliminating the need for physical signatures, accelerating disbursements.</p>
<p><b>Disbursement Memo (DM)</b></p> <ul style="list-style-type: none"> <li>After receiving the borrower's acceptance of the sanction letter, the credit team prepares the Disbursement Memo (DM), summarizing: <ul style="list-style-type: none"> <li>Loan amount approved for disbursement</li> <li>Disbursement schedule or conditions (e.g., linked to property registration or construction milestones)</li> <li>Borrower account details for fund transfer</li> </ul> </li> <li>Before disbursement, the DM is handed over to the disbursement team, which conducts a file health check</li> </ul>	<p> Both disbursement memo preparation and file health checks are largely manual, increasing the chances of errors and operational delays</p>	<p><b>Automated Disbursement Memo (DM)</b></p> <ul style="list-style-type: none"> <li>Integrate rule-based automation tools to auto-generate disbursement memos once the sanction letter is accepted</li> <li>Link the DM preparation workflow with pre-disbursement conditions to ensure compliance</li> <li>Integrate disbursement workflows with banking APIs to automate payment reconciliation, ensuring real-time validation of fund transfers</li> </ul>	<p> Efficient payment reconciliation simplifies the process and reduces manual effort.</p>
<p><b>Disbursal Payouts</b></p> <ul style="list-style-type: none"> <li>Once verified, the approved loan amount is disbursed to the borrower via NEFT/RTGS, cheque, or demand draft</li> <li>For under-construction properties, disbursement is milestone-based (e.g., foundation stage, superstructure completion) and linked to project progress</li> </ul>	<p> Borrowers are often required to sign and submit documents in person, which adds dependencies and increases TAT</p>	<p><b>End-to-End Digitization</b></p> <ul style="list-style-type: none"> <li>The adoption of platforms like DocuSign or Adobe Sign can help replace physical signatures with legally valid digital signatures</li> <li>Automate the generation and delivery of disbursement-related documents such as payment schedules and confirmation letters</li> </ul>	<p> Real-time visibility improves tracking and control over payment status and reconciliation</p>
<p>Lead Generation → Validation &amp; Assessment → Underwriting → Technical → Legal → <b>Disbursal</b> → Servicing</p>			

# 3.1.7 HOME LOAN LIFECYCLE - SERVICING

CURRENT SCENARIO	CHALLENGES	SOLUTION	IMPACT
<p><b>Monitoring &amp; Service</b></p> <ul style="list-style-type: none"> <li>Many institutions rely on traditional methods for tracking repayments, leading to delay in detection of missed payments or discrepancies</li> <li>Institutions primarily depend on static reports and post-due alerts to monitor payment delays</li> <li>Post-disbursement, customer service often depends on in-person visits or phone calls</li> </ul>	 <p>After disbursal, limited engagement with customer prevents early assessment of risk of default, impacting asset quality</p>	<p><b>Active Engagement</b></p> <ul style="list-style-type: none"> <li>Automated prompts to field staff for updates in loan account - change in interest rate, issuance of certificates, year-end charges, etc.</li> <li>Automated call centers for payment reminders</li> <li>Digital FAQs</li> </ul>	 <p>Better communication, transparent processes, will improve customer engagement and reduce portfolio risk</p>
<p><b>Repayment</b></p> <ul style="list-style-type: none"> <li>Lenders use e-NACH or physical NACH for repayments and may collect Security Post-Dated Cheques (SPDCs) for security</li> </ul>	 <p>Lack of self learnable monitoring tools capable of generating pro-active alerts leads to reactive management of defaults</p>	<p><b>Risk Management &amp; Loan Recovery</b></p> <ul style="list-style-type: none"> <li>Early Warning Systems use payment patterns and micro-economic trends to identify risks and reduce defaults</li> <li>Bureau scrubs monitor borrower indebtedness to improve portfolio health</li> <li>Beat planning optimizes field staff routes for efficient collections</li> <li>Escalation matrices automate physical verification for high-risk cases</li> </ul>	 <p>Structured implementation of EWS will provide better control over Risk and proactive actionable for Default management</p>
<p><b>Prepayment and Foreclosure</b></p> <ul style="list-style-type: none"> <li>Leads are reviewed by the lender's business team</li> <li>Preliminary quality checks and customer due diligence are conducted</li> <li>Loan documents are collected for further processing</li> </ul>	 <p>The additional handling, verification, and processing of multiple disbursements increases operational costs</p>	<p><b>Video Verification</b></p> <ul style="list-style-type: none"> <li>Video-based verification can streamline property verification, reducing the need for in-person documentation and physical visits</li> </ul>	 <p>Real-time payment reconciliation ensures accurate updates on repayment status</p>
 <p>The retrieval of property documents after loan foreclosure is often a time-consuming and cumbersome process</p>	 <p>Enhanced customer experience ensures faster communication and seamless digital repayment options</p>		





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Laks Duraiswamy  
MD & CEO  
Sundaram Home Finance

“

We are at a point in the home loans and mortgage business where speed, productivity, customer service, risk management, regulatory compliances and ease of doing business- all revolve around technology. No business discussion is complete without seeking a technological solution first. Technology no longer an enabler, it is the business

”

## 3.2 EMPATHIZE WITH CUSTOMERS



### LACK OF TRANSPARENCY

Home loan process has been a frustrating process, leaving borrowers in the dark.

Lack of crucial details about the process, next steps and remaining requirements ultimately creates delays and hinders a smooth loan application experience.



### Defined Loan Stages

Standardized set of stages, and proactive communication at each step would help customers anticipate the next steps and plan better



### Documentation Checklist

Comprehensive & readily available checklist of all necessary documents for the home loan application



### Omni Channel Consistency

Information, processes, and communication is not accessible regardless of whether a customer interacts with the lender through a website, mobile app, or in person with a representative.



### PROCESS INEFFICIENCIES

The absence of a single source of truth, where all loan application data and progress are readily accessible, creates significant challenges.

Without a unified view of the process, borrowers may receive conflicting information or experience delays due to redundant data entry or missing updates



### Process Standardization

Standardized process and detailed procedural guidelines has ability to improve the customer experience



### Prioritising Digitisation

Digitisation of as many steps as possible to reduce the human delays & bring standardisation to the non-digital process to ensure process consistency.



### Eliminating Redundant Document Collection

Multiple requests for the same documentation from borrowers, builders, and other parties



### UNIFORM UNDERWRITING

One-size-fits-all approach to digital loan applications can disrupt the borrower's experience.

By offering customized digital experiences, lenders can streamline the process for each borrower type and avoid unnecessary complexities that disrupt the flow.



### Behavioral Data Integration

Leverage digital footprints, such as payment behaviour or financial activity, for nuanced risk profiling.



### Segment-Specific Underwriting

Design underwriting policies tailored to specific borrower segments, like self-employed professionals or first-time homebuyers.



### Dynamic Policy Adjustment

Flexible BRE to use real-time data and market trends to adjust thresholds, making the process more adaptive.

# 04 TECHNOLOGY & DIGITAL TRENDS

OVERVIEW OF TECHNOLOGY IN HOUSING FINANCE

TECH-ENABLED LEGAL AND VALUATION INNOVATIONS

TRENDS IN DIGITAL PROCESSING & AUTOMATION

DIGITAL FIRST VS TRANSITIONING VS TRADITIONAL

CASE STUDY ON DIGITAL TRANSFORMATION

DIGITAL FIRST COMPANIES

DIGITAL TRANSITIONING ACROSS LIFECYCLE







Jyothirlatha B  
CTO & CIO  
Godrej Housing Finance

“

End to End Digitization of secured lending for home loans in India presents substantial hurdles. Despite digital tools like e-signatures and automated data capture, regulatory mandates and unavailability of certain digital data make this process phygital with manual verifications and document checks, creating friction and causing significant customer drop-offs. Address validation remains another major pain point, as KYC documents often fail to reflect current addresses. Even with progress in digitizing land records, the heavy documentation and regulatory demands make end-to-end automation a challenge. These obstacles emphasize the need for **adaptable technology solutions** that can streamline processes, while ensuring full regulatory compliance

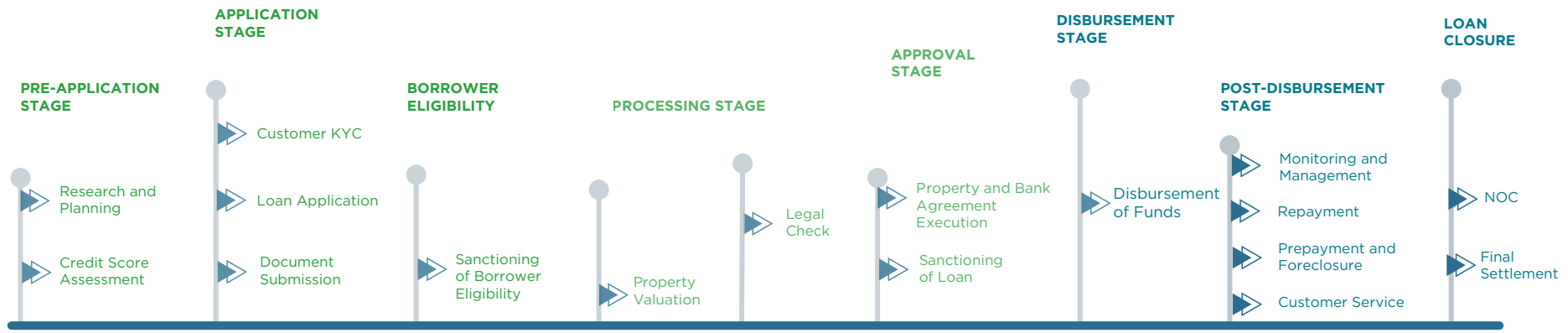
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# 4.1 OVERVIEW OF TECHNOLOGY IN HOUSING FINANCE

Digital onboarding in housing finance has evolved with **Aadhaar-based e-KYC and video KYC**, reducing borrower verification time and enabling remote completion. **Loan marketplaces** such as BankBazaar and PaisaBazaar empower borrowers to compare loan offers from banks, NBFCs, and HFCs, streamlining the loan application process. **Proactive regulatory monitoring** is crucial for adhering to RBI guidelines, avoiding penalties, and building customer trust. The RBI emphasizes tech-driven compliance to enhance financial stability and safeguard customer interests.

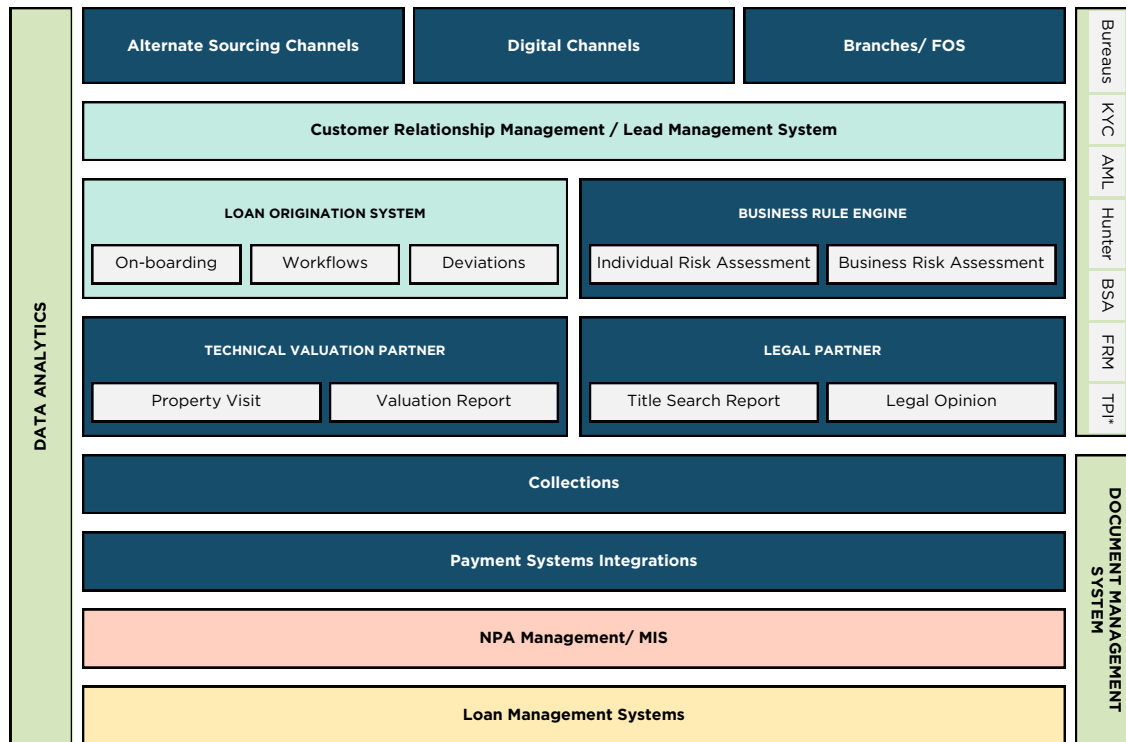
**AI and ML** have automated credit risk assessment, analyzing borrower data for more accurate lending decisions, while **BREs** also help in improving loan approval times, as seen with multiple lenders in the market. **AVMs** provide quick property valuations, reducing manual appraisals. **OCR and LLMs** are digitizing property due diligence processes, while e-registration and e-deeds speed up property transactions. Property insurance can be obtained digitally, offered by several institutions, protecting against title defects, ensuring smoother transactions for both borrowers and lenders

**Advanced analytics and early warning systems**, including through bureau scrubs, enable continuous monitoring of loans and help lenders track delinquencies and portfolio health. Real-time reconciliation through digital channels like **UPI and NEFT** improves loan servicing, with automated EMI alerts enhancing customer compliance. Automated systems manage disbursement, loan closure, and NOC generation, reducing manual intervention. AI-powered tools for loan monitoring, prepayment, and foreclosure enhance risk management, while **chatbots and self-service portals** improve customer support



# 4.1 OVERVIEW OF TECHNOLOGY IN HOUSING FINANCE

## TRADITIONAL HOME LOAN ARCHITECTURE



● Human Dominated Process

*\*This architecture is indicative in nature*

### Challenges with Current Architecture

#### Monolithic Architecture

Built on a single code-base, financial institutions often operate on legacy systems that lack integration across stages, and are not only inefficient, but are also not scalable

#### Limited Automation

Multiple processes are dependent on the manual intervention, lack of usage of AI and data analytics capabilities to automate the processes for instance, credit behaviour checks, bank statement analysis, deviation management, auto escalation for delayed cases.

#### Workflow Management

Very limited adoption of workflow management for any deviation approval, mostly all the communication is carried out on the email leading to additional effort and chances of missing the timeline.

#### Absence of Real-time Third Party Integrations

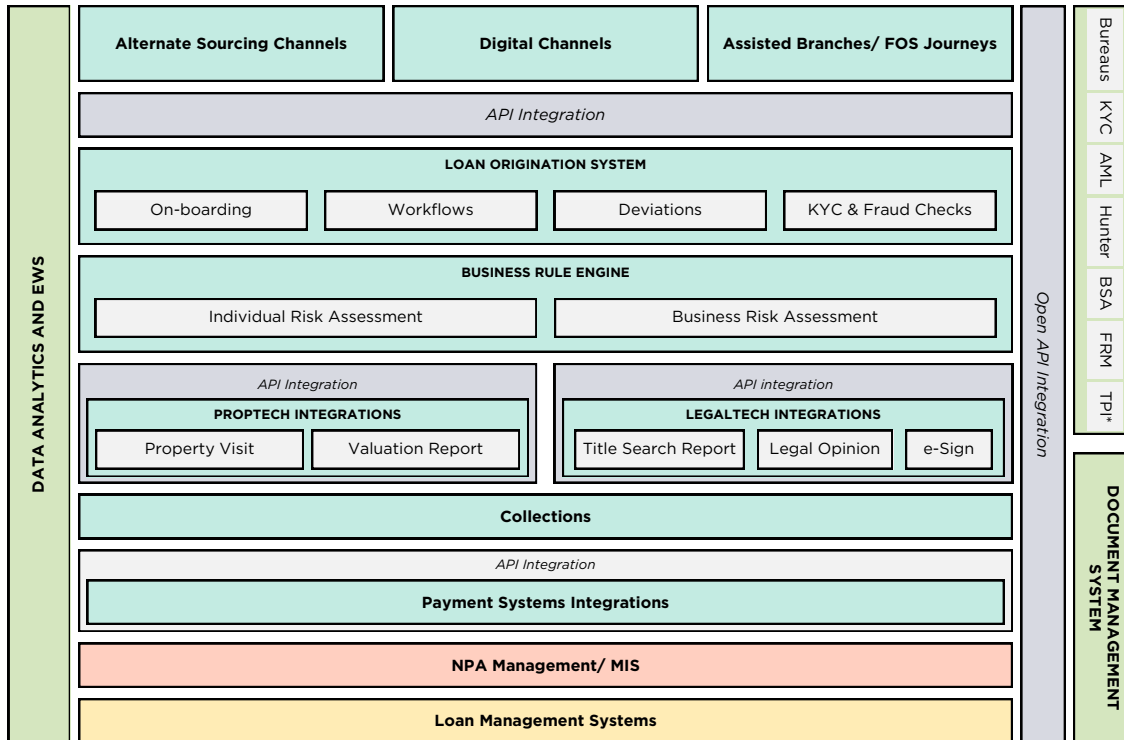
Integration capabilities with external partners such as credit bureaus, valuation agencies, GIS systems, RERA, and payment systems are limited, resulting in repeated data submissions and poor customer experiences.

#### Data Analytics

Limited efforts spend on data management and analysis through cross referencing data points ensuring better understanding of the borrower during engagement period. Thorough data analysis also enables to tap the cross sell and up sell opportunities.

# 4.1 OVERVIEW OF TECHNOLOGY IN HOUSING FINANCE

## PROPOSED HOME LOAN ARCHITECTURE



*\*This architecture is indicative in nature*

### Benefits of Digital-led Process Adoption

#### Centralized Loan Origination System

Integrate onboarding, workflows, deviations, and document management into a unified system to eliminate silos.

#### Automated Business Rule Engine

BREs are integrated within systems, utilizing business rules based on credit policies to assess borrower eligibility and creditworthiness.

#### API-first Approach

Enable seamless integrations with external systems, including credit bureaus, GIS platforms, digital sub-registrar offices (SROs), and payment gateways, to streamline processes.

#### Scalable Queue Management

Deploy queue optimization systems to prioritize tasks dynamically based on workload, borrower risk profile, and service-level agreements (SLAs).

#### Data Analytics

Leverage real-time data for borrower profiling, predictive analytics for creditworthiness, and portfolio monitoring for risk mitigation.

#### Digital Interfaces Across Channels

Provide consistent digital experiences for branches, field officers, and alternate sourcing channels through unified LOS cum customer relationship management (CRM) systems.

# 4.2 TECH-ENABLED LEGAL AND VALUATION INNOVATIONS

## Digital Transformation in Legal Due Diligence


The legal team safeguards the lender’s position by scrutinizing property documents to confirm clear ownership and identify potential encumbrances or disputes. This due diligence minimizes the risk of approving a loan on a property with unclear legal status.



Advarisk streamlines collateral management with LLMs, offering a unified API for the largest repository of translated and organized property data.



Maatrum simplifies collateral risk assessment by leveraging advanced analytics and automation, providing lenders with accurate insights and property verification.




Teal revolutionizes property due diligence with its robust data platform, offering comprehensive property insights and streamlined workflows.

**Automation of Due Diligence**  
 The current state of title deed digitization finds itself in a phase of “assisted journey”, where lawyers validate the collated digital documents. As lenders gain confidence in the efficiency of these solutions, a trend towards full automation is unavoidable.

**Standardization through AI and Large Language Models (LLMs)**  
 Innovative players are leveraging Optical Character Recognition technology, LLMs & AI. Automates the process of translating property documents & matching critical data points. Multiple public sector banks use similar whitelisted platforms for efficient title deed verification.


## Digital Property Valuation Tools

The technical team ensures reliability of property valuations, reduces processing delays, and supports fraud prevention, and identify potential risks in collaboration with external stakeholders as required.



These companies provide digital property valuation tools that use AI and big data analytics for accurate assessments.

**Automated Valuation Models (AVMs)**  
 AVMs (Automated Valuation Models) utilize statistical modeling and algorithms to estimate property values by analyzing data from comparable sales, public records, and market trends. They take into account various factors such as location, property size, condition, and economic conditions to generate accurate and real-time valuations. This technology enables faster and cost-effective property assessments, often used in real estate transactions, lending, and investment decisions. These models provide quick and reliable estimates, reducing the need for manual appraisals and enhancing efficiency.

Example:  integrates similar digital valuation services with lending platforms for instant property valuations.

## 4.3 TRENDS IN DIGITAL PROCESSING & AUTOMATION



- **AI-Driven Customer Insights:** Use of AI to analyze customer data, predict needs, and offer personalized home loan recommendations, improving customer engagement and satisfaction.
- **Digital KYC and e-Signatures:** CRM systems integrating digital KYC processes and e-signatures to enable faster verification and loan approvals.
- **Automated Workflow Management:** Automation of repetitive tasks such as document verification, application status updates, and reminders, improving efficiency and reducing turnaround time (TAT).
- **Cloud-Based CRM Solutions:** Adoption of cloud-based CRM systems for scalability, flexibility, and real-time collaboration among teams across locations.

- **Scoring Models Integration:** Integrating credit scoring and alternative data scoring models (Social Media Activity, Telecom Data, Utility Payments, E-commerce and Transactional Data) into BRE to improve decision accuracy for new-to-credit (NTC) borrowers.
- **AI-Powered Rule Optimization:** Integration of AI and machine learning in BRE to dynamically optimize credit policies and underwriting rules based on borrower profiles, market conditions, and risk factors.
- **Rule Standardization:** Standardizing credit assessment and compliance rules across branches and partner ecosystems to ensure consistency and regulatory adherence.



- **Automated Legal Case Management:** Digitized platforms to manage legal proceedings, track case statuses, and streamline document submissions for litigation in default cases.
- **Legal Risk Assessment Tools:** Advanced analytics to assess the litigation risk associated with specific loan defaults and prioritize cases accordingly.
- **Geo-Tracking for Field Agents:** Using geo-location technology to monitor and optimize the performance of on-ground recovery agents.
- **Data-Driven Recovery Strategies:** Leveraging borrower data and repayment history to design customized recovery strategies for different borrower segments.
- **Digital Negotiation and Settlement:** Enabling borrowers to negotiate repayment terms or settlements through digital platforms, improving recovery rates.

## 4.4 DIGITAL FIRST VS TRANSITIONING VS TRADITIONAL

FEATURES	Application Process	Customer Experience	Cost Structure	Technology Adoption
<b>Digital First Companies</b>	Fully online, quick approvals	User-friendly, transparent	Lower due to automation	High; embraces latest tech
<b>Transitioning Companies</b>	Mixed; gradual shift to online	Familiar but evolving	Higher initially; needs investment	Moderate; adapting existing systems
<b>Traditional Companies</b>	Manual, paper-intensive	Conventional, time-consuming	High due to manual processes	Low; minimal or no tech adoption

# 4.4 CASE STUDY ON DIGITAL TRANSFORMATION - ALTUM CREDO



**Vikrant Bhagwat**  
MD & CEO  
Altum Credo Home Finance

“The adoption of digital solutions is transforming the home loan experience, especially for first-time homeowners in underserved communities. By embracing a digital-first approach, companies are simplifying the entire loan process, reducing approval times, and increasing transparency. Technology-driven tools enhance operational efficiency, improve customer experiences, and ensure compliance. With digital platforms offering greater accessibility and convenience, the home loan journey is becoming faster and more streamlined. Moving forward, the integration of advanced technologies like AI will further refine the process, improving both service delivery and risk management, ultimately driving sustainable growth in the housing finance sector.”

Case Study



Founded in 2016, Altum Credo is a housing finance company focused on providing accessible home loans to underserved populations, particularly economically weaker sections and low-income groups in semi-urban and rural India.

**93%** of their customer base belongs to low-income groups.

**₹5-20** lakhs is the ticket size of loans  
₹0.5 - 2.0 million

**5-20** years is the usual term of repayment for the loans

Digital First Home Finance Company: Altum Credo



Cloud-Based Platform for Core Operations



End-to-End Digital Processes



Cashless Transactions and Collection Management



Enhanced Efficiency Through Automation



Differentiation via Underserved Market Focus

**₹10,000 mn**  
Gross AUM

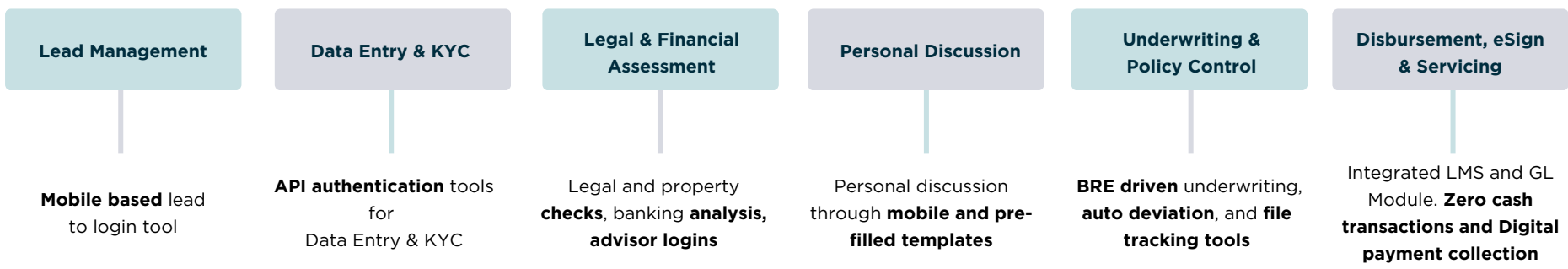
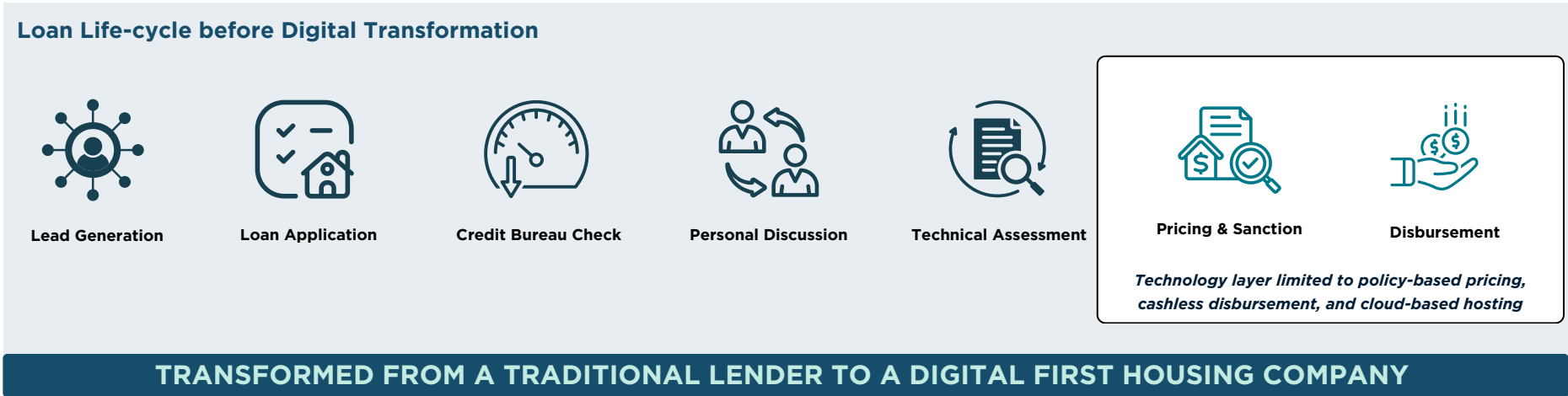
**6**  
States

**68**  
Branches

**13,000 +**  
Customers Served



# 4.4 CASE STUDY ON DIGITAL TRANSFORMATION - ALTUM CREDO



# 4.5 DIGITAL FIRST COMPANIES






**₹31.4 Bn**  
AUM

<b>6</b>	<b>10</b>
<b>States</b>	<b>Branches</b>

**Dr. Malcolm Athaide**  
Co-founder & CEO  
Agrim Housing Finance

*Digitization is significantly enhancing the home loan experience by automating key processes such as data collection, customer verification, and property checks. This shift not only improves operational efficiency but also offers a seamless and faster experience for customers. By leveraging digital tools like video calls, real-time data integration, and automated decision-making, businesses are reducing reliance on manual processes, minimizing errors, and improving accessibility. While challenges with physical verification remain, the continuous adoption of digital mediums is driving improvements in both the speed and reliability of the home loan journey.*






**₹33 Bn**  
AUM

<b>5</b>	<b>35</b>
<b>States</b>	<b>Branches</b>

**Rohit Chokhani**  
Managing Director  
Easy Home Finance

*The Indian home loan process highlights a unique challenge: while unsecured loans are processed almost instantly, home loans often face significant delays. These extended timelines not only add to costs but also create hurdles for customers and lenders alike. By embracing technology and operational innovations, the industry has the potential to significantly streamline processes, enhance transparency, and reduce overall costs, paving the way for a faster, more seamless lending experience.*





**₹22 Bn**  
AUM

<b>7</b>	<b>82</b>
<b>States</b>	<b>Branches</b>

**Babu Vellingiri**  
CEO  
Unico Housing Finance

*Digital transformation in home loans is not just about automating processes; it's about reimagining the entire customer journey to prioritize transparency, ease, and accessibility. By reducing touchpoints, leveraging data, and integrating self-service platforms, lenders can create an ecosystem where customers feel informed and empowered at every stage of their loan journey. This approach not only enhances customer satisfaction but also drives operational efficiency, paving the way for a more inclusive and scalable lending model.*

# 4.6 DIGITAL TRANSFORMATIONS ACROSS LIFECYCLE

## IIFL HOME LOAN

24 hr

Home Loan Disbursement

100%

Digital Customer Onboarding

30 min

Loan Processing

24%

Decrease in cost per file, FY' 22 -23



### Business Rule Engine based on

- Realtime KYC Validation
- On-the-spot Banking and ITR Validation
- Credit Score
- Digital Policy



### Customer Service

- Multiple Digi-channel Support (Whatsapp, Chatbot, Client Portal, App)
- DIY Procedure for Customer Convenience



### Digital Onboarding

- Centralised Underwriting
- Digital Policy and Workflows
- Business Rule Engine Based Sanction and Deviations



### Collections and Operations

- Extensive Collection Points
- Online Channel for Payments (Debit Card, Netbanking, Wallets UPI, UPI)
- Real Time Reconciliation

Source: IIFL Home Finance, Annual Report '23 & '22



50%

of total IT spends on digitisation

HOMY App

for applying for loans and sanctions

75%

of monthly collection from digital and auto debit payments

35%

disbursements through the HOMY App



### Digital Technologies & Processes

- Customer acquisition
- Customer appraisal
- KYC processes
- Video KYC
- E Nach

Source: LIC Housing Finance, Annual Report'23



Digital onboarding platform

is used for direct and website based applications

94%

New loan applications through digital channels



### Direct fetch information from:

- Goods and Services Tax Network
- Ministry of Corporate Affairs
- Income Tax

### Tools:

- Bank Statement Information Analyzer

Source: Housing Development Finance Corporation, Annual Report'23



100%

paperless process

Proprietary

System Pulse

end to end digital loan process from customer onboarding to collection



### Technology and Analytics Capabilities

- Proprietary AI/ML scorecards and in-house analytics
- Predictive scorecards and collections module
- Early warning signals
- Dedupe tools
- Mobile dashboards

Source: Vastu Housing Finance, Annual Report'23



Mahesh Parasuraman

Founding Partner  
Amicus Capital

“

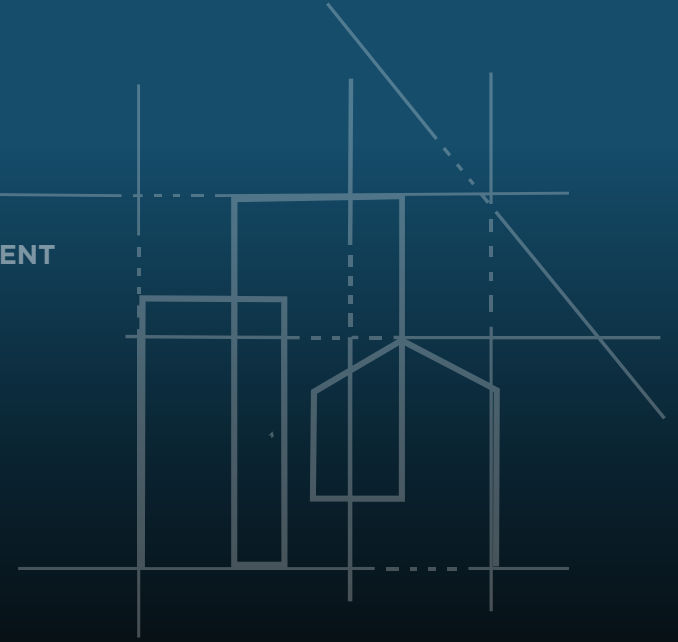
The surge in housing demand across income segments is a clear reflection of India's economic growth and evolving aspirations. However, traditional housing finance companies, reliant on manual processes and rigid underwriting models, struggle to keep pace with the needs of modern borrowers who expect seamless digital engagement. The future of housing finance lies in leveraging both traditional and alternative data sources to assess creditworthiness, ensuring financial inclusion for new-age customers. Moreover, digitization is no longer just an efficiency enhancer—it is a game changer, driving productivity, reducing costs, and managing risks effectively as they scale. In a market where product differentiation is minimal, technology will define the winners by enabling smarter underwriting and delivering superior customer experience.

”

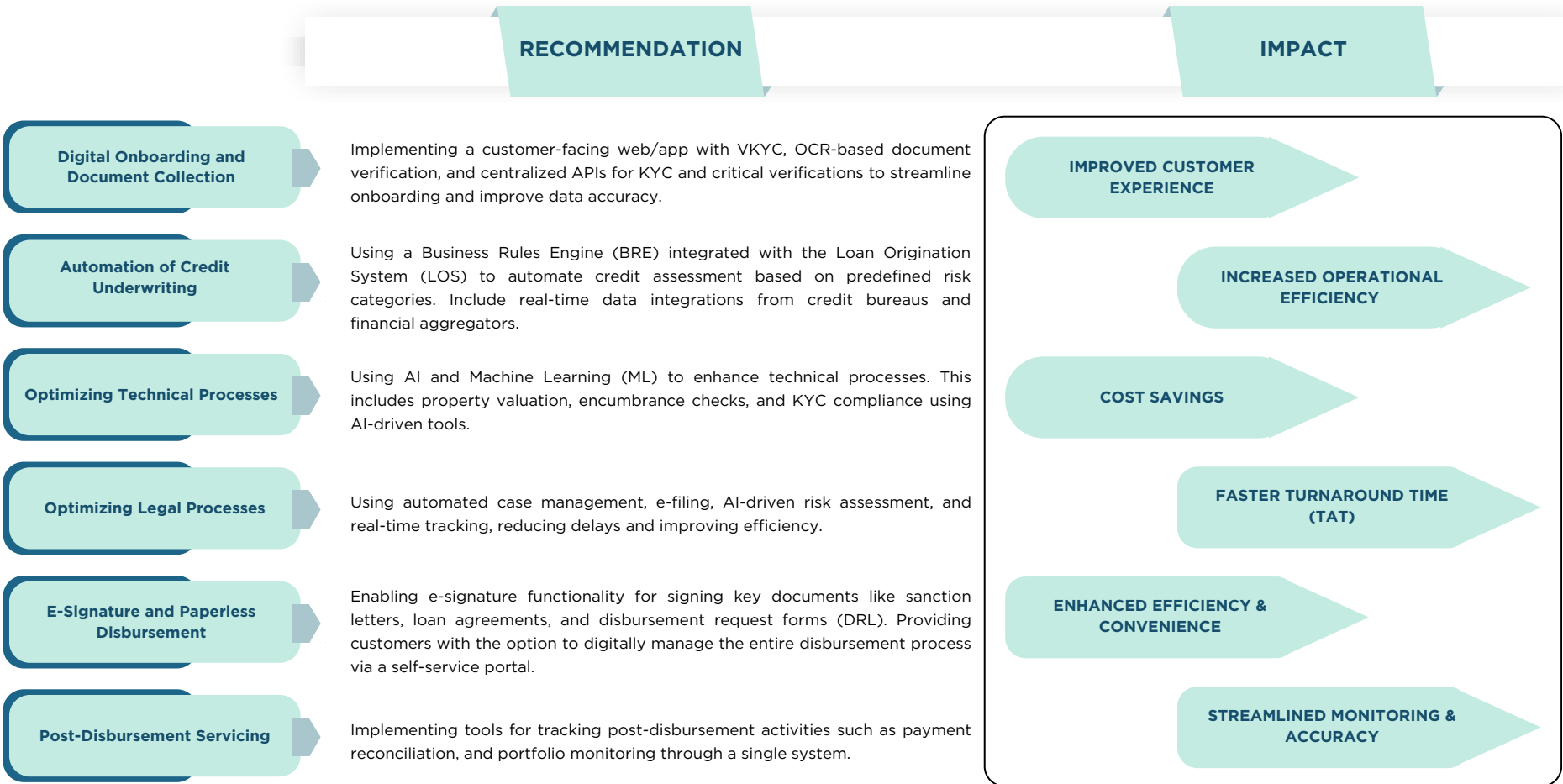
# 05

## STRATEGIC INSIGHTS

ENHANCING DIGITAL PROCESSING AND DATA MANAGEMENT  
DIGITIZATION RISKS & CHALLENGES



# 5.1 ENHANCING DIGITAL PROCESSING AND DATA MANAGEMENT



**IMPROVED CUSTOMER EXPERIENCE**

**INCREASED OPERATIONAL EFFICIENCY**

**COST SAVINGS**

**FASTER TURNAROUND TIME (TAT)**

**ENHANCED EFFICIENCY & CONVENIENCE**

**STREAMLINED MONITORING & ACCURACY**

## 5.2 DIGITIZATION RISKS & CHALLENGES



### Digital Divide

Provide alternative channels and support for non-tech-savvy customers

The home loan customer base may include individuals with varying levels of technological proficiency, diverse borrower profiles, and unique needs, each requiring workflows tailored to their specific requirements. Ensuring consistency in service, support, and customer experience across all channels—whether online, mobile, in-person, or a combination—is a challenge lenders must address. Rather than adopting a one-size-fits-all digital approach, the solution lies in prioritizing the customer’s perspective.



### Limitations of Digitization in Source Data

Delays in the digitisation of legal and valuation of home loan journeys hinder process efficiency

Despite efforts to digitize home loan processes, due diligence remains a significant roadblock due to a lack of standardization and streamlined workflows in the legal and valuation aspects.

The primary challenge lies in the fragmented nature of land records and other documentation across various state governments. Standardizing these documents and enabling efficient digital access necessitates collaboration between industry players and government agencies.



### Technology Integration & Reliability Challenges

Build robust, scalable, and reliable digital infrastructure

Integrating legacy systems presents a significant challenge in the digital transformation of traditional lenders. While the initial investment in new solutions can be substantial, the long-term benefits often outweigh the upfront costs. However, achieving seamless data exchange between new systems and existing legacy infrastructure remains a key obstacle.

Furthermore, any outsourcing or third-party integrations necessitate thorough due diligence and robust vendor management practices to mitigate potential risks.



### Data Quality, Security, and Fraud

Inconsistent data formats, security vulnerabilities, and fragmented systems hinder seamless digital workflows

Data quality and standardization pose significant challenges in the digitization of the home loan sector. The increased reliance on digital data exposes to cyberattacks and data frauds. This could lead to incorrect underwriting and potential losses. Robust data security measures, encryption and access controls, as well as data verification are essential to not only safeguard sensitive borrower information, but also prevent frauds.

Industry-wide initiatives to standardize data formats can streamline data extraction and processing. Strong data governance practices, encompassing data quality control and access management, are essential to ensure data integrity and security.

# GLOSSARY

<b>AVM</b>	Automated Valuation Model	<b>GST</b>	Good and Services Tax	<b>PBC</b>	Principal Business Criteria
<b>AML</b>	Anti- Money Laundering	<b>GDP</b>	Gross Domestic Product	<b>PSB</b>	Public Sector Bank
<b>AI</b>	Artificial Intelligence	<b>HFC</b>	Housing Finance Company	<b>PD</b>	Personal Discussion
<b>AA</b>	Account Aggregator	<b>IAY</b>	Indira Awas Yojana	<b>PVB</b>	Private Sector Bank
<b>AHF</b>	Affordable Housing Fund	<b>IHL</b>	Individual Housing Loan	<b>PLI</b>	Primary Lending Institution
<b>ASC</b>	Alternate Sourcing Channels	<b>IPA</b>	In-Principal Approval	<b>PSL</b>	Priority Sector Lending
<b>BRE</b>	Business Rule Engine	<b>ITR</b>	Income Tax Return	<b>PMAY</b>	Pradhan Mantri Awas Yojana
<b>CAM</b>	Credit Appraisal Memo	<b>KYC</b>	Know Your Customer	<b>PMAY (U)</b>	Pradhan Mantri Awas Yojana (Urban)
<b>CERSAI</b>	Central Registry of Securitisation Asset Reconstruction and Security Interest of India	<b>LLM</b>	Large Language Models	<b>RAY</b>	Rajiv Awas Yojana
<b>CRM</b>	Customer Relationship Management	<b>LIG</b>	Low Income Group	<b>RBI</b>	Reserve Bank of India
<b>CLSS</b>	Credit Linked Subsidy Scheme	<b>LTV</b>	Loan to Value	<b>RHIS</b>	Rural Housing Interest Subsidy Scheme
<b>CAGR</b>	Compound Annual Growth Rate	<b>LOS</b>	Loan Origination System	<b>RERA</b>	Real Estate Regulatory Authority
<b>DILRMP</b>	Digital India Land Records Modernization Programme	<b>LMS</b>	Loan Management System	<b>RM</b>	Relationship Manager
<b>DIY</b>	Do It Yourself	<b>MIG</b>	Middle Income Group	<b>RPS</b>	Repayment Schedule
<b>DM</b>	Disbursement Memo	<b>NBFC</b>	Non Banking Financial Company	<b>SARFAESI</b>	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act
<b>DSAs</b>	Direct Selling Agents	<b>NACH</b>	National Automated Clearing House	<b>SPDCs</b>	Security Post-Dated Cheques
<b>EMI</b>	Equated Monthly Instalment	<b>NHB</b>	National Housing Bank	<b>STP</b>	Straight through process
<b>EWS</b>	Early Warning System	<b>NTB</b>	New to Bank	<b>SRO</b>	Sub Registrar Offices
<b>ETB</b>	Existing to Bank	<b>NPA</b>	Non Performing Assets	<b>TAT</b>	Turn Around Time
<b>FI</b>	Field Investigation	<b>NOC</b>	No Objection Certificate	<b>TSR</b>	Title Search Report
<b>FOIR</b>	Fixed Obligations to Income Ratio	<b>OPDA</b>	Open Property Data Association	<b>UIDF</b>	Urban Infrastructure Development Fund
<b>FRM</b>	Fraud Risk Management	<b>OSV</b>	Original, Seen and Verified	<b>UPI</b>	Unified Payments Interface
<b>FY</b>	Financial Year commencing April 1 the previous year, and ending March 31, for the reference year				
<b>GIS</b>	Geographic Information Systems				



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# THANK YOU FOR READING!