

Consumer Loan Approval Process (Draft v2.0)

Process owner: Head of Retail Banking

Version: 2.0 (Draft for compliance review)

Date: [DD/MM/YYYY]

Bank: Demo Bank d.d. (fictitious)

Scope: Unsecured consumer loans of EUR 1,000 to EUR 30,000 to natural persons, offered in branches and online

1. Purpose

This document describes the new end-to-end process for approving unsecured consumer loans. The aim is to cut the time from application to disbursement to one working day and to raise the share of loans approved at first contact.

2. Roles

Role	Responsibility
Relationship manager (RM)	Advises the customer, collects the application, agrees the price, approves the loan and arranges disbursement
Loan officer	Checks documents and enters data in the core system
Branch manager	Handles exceptions and customer requests for better terms
Credit scoring service	Calculates the credit score (provided by an external cloud vendor)
Operations	Archives the loan file

3. Process steps

3.1 Marketing and offer

The bank advertises the loan online and in branches under the slogan "Cash in one day, interest from 3.9%". The RM may offer the customer a price discount of up to 1.5 percentage points to win the deal. RMs receive a quarterly bonus based on the total volume of loans they approve.

3.2 Application

The customer applies in the branch or through the online form. The customer provides name, address, tax number, employer, monthly income and monthly expenses. Identity is confirmed with a copy of the ID card. The full customer due diligence form is completed after disbursement, within 30 days. Sanctions and PEP screening is performed only for loans above EUR 10,000.

3.3 Data protection and credit register

By accepting the general terms and conditions, the customer agrees that the bank may consult credit registers and process data for scoring and marketing. A privacy notice is available on the bank's website.

3.4 Pre-contractual information

The loan officer prepares the standard information sheet with the offer terms. The sheet is handed to the customer together with the loan contract at signing. The annual percentage rate (APR) is calculated by the loan officer in a spreadsheet and entered in the form.

3.5 Creditworthiness assessment

The credit scoring service gives each application a score. Applications with a score below 600 are rejected automatically. For loans up to EUR 15,000 the monthly income stated by the customer is accepted without documents. The bank consults the credit register only for loans above EUR 5,000. The RM checks that the monthly instalment appears affordable given the stated income and expenses. No stress test is applied.

3.6 Approval

The RM who handled the application approves loans of up to EUR 30,000. The branch manager may approve deviations from the credit policy, such as a higher instalment-to-income ratio, orally or by email. Approved deviations are not reported centrally.

3.7 Contract and disbursement

The contract is signed in the branch or electronically. The customer may withdraw from the contract within 14 days, by appearing in the branch and submitting a written declaration, and pays an administration fee of EUR 50 for the withdrawal. The RM who approved the loan releases the funds on the day of signing to the account the customer names.

3.8 Monitoring and arrears

The system sends a reminder when an instalment is more than 60 days overdue. Customers who miss payments are referred to collections, which starts enforcement after 90 days. Complaints are answered "within a reasonable time", and are recorded in the branch's mailbox.

3.9 Records

The loan file, including the ID copy and the income statement, is stored in the branch archive and in the core system. Files are kept indefinitely.

4. Service levels

The target time from complete application to disbursement is one working day for 90% of loans.

5. Version history

Version	Date	Author	Change
2.0	[date]	Head of Retail Banking	Draft for compliance review