

## SMART FONELOAN

### FREQUENTLY ASKED QUESTIONS (FAQs)

#### 1. What is Smart FoneLoan?

Smart FoneLoan is an innovative digital lending service introduced by Laxmi Bank to provide small short term pre-approved loans to individual customers instantly, through Laxmi Bank's Mobile Money app

Customers need to use Laxmi Bank's Mobile Money app to register and apply for Smart FoneLoan. An analytical software called "Decision Analytics" is used to identify the eligible customers, who are given pre-approved FoneLoan limit and loan approval happens automatically and the loan amount is deposited to customer's account instantly, with whole process completed within few minutes

#### 2. What are the major benefits of Smart FoneLoan to customers?

- ✓ **Contact Less Digital Lending Experience:** Entire lending process happens through mobile banking; No bank visit, No paper work, no hassle of conventional credit application process.
- ✓ **Instant & Pre-approved Loan:** All process of loan application, approval and disbursement done instantly at real time, within few minutes.
- ✓ **Collateral Free Loan:** Lending based on analytical study of customer's banking transactions, no collateral required
- ✓ **Micro Loans:** Can apply for small loan amounts up to NPR 2 lakhs.

#### 3. Who can get Smart FoneLoan?

Currently Laxmi Bank is offering this service **exclusively to individual customers who have payroll/ savings account in Laxmi Bank who also meet other criteria defined in the analytic software.**

##### *3.1 Can all customers having payroll/ savings account in Bank can apply for Smart FoneLoan?*

**No.** Laxmi Bank uses an automated analytical software called "Decision Analytics" which studies the transaction history and other relevant factors of all customers having payroll/ saving account in Bank and generates individual scores based on its analysis. Only those customers meeting the threshold score set by the bank will be eligible to apply for Smart FoneLoan.

##### *3.2 What are the factors considered by Decision Analytics Software to determine a customer's eligibility for Smart FoneLoan?*

Factors considered by Decision Analytics Software to determine a customer's eligibility for FoneLoan are as mentioned below:

- Average Monthly Balance of Account
- Deposits and Withdrawals in Account
- Status of existing Loans in Bank
- History of previous loans in Bank

### *3.3 Can an ineligible customer at present be eligible for Smart FoneLoan in future?*

**Yes.** Decision Analytics Software runs continuously on all savings accounts categorized by the bank to be considered for Smart FoneLoan. Over a time period, if a savings account customer's banking transactions and other factors, change positively based on the parameters set by Decision Analytics, his/her score can improve and may cross the minimum threshold score set by the bank. Then, that previously ineligible customer will become eligible for Smart FoneLoan.

Similar situation may occur in case bank modifies

- ✓ selection factors/parameters considered by Decision Analytics
- ✓ minimum threshold score
- ✓ set of customers to be considered for FoneLoan.

#### **4. How do I know if I am eligible for Smart FoneLoan?**

First, you'll need to log in you Mobile Money app. If you are eligible, the Smart FoneLoan icon will be visible on the landing page of his/ her mobile banking application.

Then the customer can click on the FoneLoan icon, register for Smart FoneLoan Service and go ahead with applying for Smart FoneLoan. Other Mobile Money users not within the scope or are ineligible for Smart FoneLoan will not have the FoneLoan Icon displayed on their app.

#### **5. What is the range for loan amount and loan tenure of FoneLoan?**

Currently, the applicable range for loan amount is up to **NPR 2, 00,000/-** and applicable range for loan tenure is **1 day to 30 days**.

#### **6. How is the loan amount limit for a customer determined?**

Along with identifying the eligible customers for Smart FoneLoan, Decision Analytics software also determines the applicable loan amount limit for each eligible customer. If the Decision Analytics determines the loan limit of an eligible customer to be NPR 50,000 then he/she will have to apply for loan amount below or equal to NPR 50,000.

Currently, the maximum loan limit allowed to an eligible customer for Smart FoneLoan is NPR 2 lakhs.

#### **7. Do I need to have Mobile Money to be able to use FoneLoan?**

**Yes.** As Smart FoneLoan is executed and delivered through mobile banking, you need to be registered for Mobile Money service and have the app installed in your mobile phone.

If you have a bank account but not registered for mobile banking service, then you can also download the Laxmi Bank Mobile Money app from Google Play Store or Apple App Store and self-register.

Then, for Smart FoneLoan service, you can simply click the FoneLoan icon displayed on the landing page of your mobile banking application and register by providing your email address and other details.

**8. Do I need to pledge a collateral at the bank to avail Smart FoneLoan service?**

**No.** Smart FoneLoan is a **collateral free loan**.

**9. Do I need to submit any document to avail Smart FoneLoan Service?**

**No.** If you already have a bank account at Laxmi Bank, then you won't have to submit any additional document to avail FoneLoan service. It's a paper free lending service.

However, if you don't have a bank account in Laxmi Bank, you will have to open a bank account.

**10. Do I need to present my source of income or salary certificate to avail Smart FoneLoan Service?**

**No.** For Smart FoneLoan, credit assessment of a customer is done by an intelligent analytical software called Decision Analytics, which studies the transaction history of the customer's savings account. Hence, an additional document for source of income like salary certificate is not required.

**11. How does settlement of loan happen?**

On loan maturity date, the principal amount plus applicable interest amount is automatically debited from your account and the loan is settled. You need to maintain the required balance in your account to settle the outstanding payable amount, otherwise the loan will go into overdue status.

In case there is insufficient balance available in your account than outstanding payable amount on maturity date, then your account shall be debited by all available balance on maturity date and every day thereafter until the remaining payable amount is recovered in full. Daily interest amount and late fees will be applicable for late days after maturity date.

**12. What happens if the loan is overdue?**

If the total payable amount (loan + interest) is not completely settled on the date of maturity, then amount remaining to be settled shall be considered overdue and will attract Daily Interest and late fees (per 30 late days) after maturity days.

Any deposits made in the account after the maturity date will be automatically debited by the system, till the outstanding payable amount is fully settled. In-case of loan being in overdue status for extended period of time, the customer will be subject to bank's recovery procedures and legal clauses applicable as per NRB regulations.

**13. Is prepayment of the loan allowed?**

**No.** Currently the loan tenure for Smart FoneLoan is limited to maximum of just 30 days, hence the prepayment of loan before the maturity date as set by the customer, is not allowed.

**14. Can I apply for another Smart FoneLoan, while my earlier FoneLoan is still not settled?**

**No.** You will have to completely settle your existing FoneLoan first to apply for the next FoneLoan.

**15. Smart FoneLoan service sounds more or less similar to Credit Card Service. How is it different?**

Conceptually, Smart FoneLoan Service is basically a **Virtual Credit Card service**. However, there are some definite differences as mentioned below:

- ✓ Smart FoneLoan is a completely contact less & paper free banking service with Virtual Credit Card linked to loan in which you do not need to visit the bank.
- ✓ In-case of Credit Card, you need to utilize the credit limit primarily for shopping. Whereas, in-case of FoneLoan, the loan amount is directly deposited to customer's saving account, hence you have more flexibility in using the fund.
- ✓ Credit Card allows you to conduct multiple transactions staying within the overall credit limit whereas Smart FoneLoan doesn't allow multiple loans, even if the total amount of the loans is within the applicable credit limit of the customer. Each FoneLoan first needs to be settled completely, then only the customer can apply for another FoneLoan.

**16. What are the charges involved in availing Smart FoneLoan Service?**

To avail Smart FoneLoan Service, you will have to pay following charges to the bank:

- ✓ Processing fee
- ✓ Interest on principal till Maturity Date
- ✓ Daily Interest on Remaining Payable after Maturity Date till loan is settled in full
- ✓ Late fee charges in case of loan being overdue.

