



# From operational challenges to competitive advantage

How **The Model Co-Operative Urban Bank Ltd.** improved gold loan processing with **Qntrl**

Partner

**Start IT Now**

Customer



**MODEL BANK**

# The company

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The Model Co-Operative Urban Bank Ltd. is a banking and financial services institution in India. It offers a wide range of banking and financial services, including loans, savings accounts, and current accounts.

In recent years, India has seen increased demand for gold loans as individuals seek liquidity due to cash flow problems. Borrowers prefer gold loans due to their quick processing, minimal documentation requirements, and the rising price of gold, which allows borrowers to avail more considerable sums as loans. Banks, on the other hand, find comfort in the high value of gold collateral. However, offering gold loans is an operationally challenging and intensive business for banks.

# The challenges

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RBI guidelines are changed periodically to enable sustainable growth in the long term, and these guidelines have to be incorporated into the loan processing process. Additionally, loan defaults are highly likely, which can result in significant financial losses for banks.

For The Model Co-Operative Urban Bank Ltd. the main challenge was gaining visibility into the activities of bank personnel at each level of processing a gold loan. More specifically, the organization was facing:



## Operational challenges

Processing gold loans is a time-consuming and resource-intensive business for banks. They need specialized personnel, equipment, and infrastructure to evaluate the quality and purity of gold and ensure its safe custody.

## Visibility into activities

One of the challenges banks face is the need for more visibility into the activities of bank personnel at each level of processing a gold loan, which leads to delays and errors in loan processing, impacting customer satisfaction.



## Regulatory guidelines

The RBI periodically issues guidelines to ensure sustainable growth in the gold loan market. Banks must keep up to date with these guidelines and incorporate them into their processes, which can be challenging and time-consuming.

## Risk of loan defaults

Gold loans are generally considered to be safe for lenders, since the collateral of the gold backs them. However, loan defaults are still risky if the borrower defaults on their payments. Banks need to have a robust system in place to manage these risks.

## Market competition

The gold loan market is highly competitive, with many banks and non-banking financial companies (NBFCs) offering gold loans to customers. Banks must differentiate themselves from their competitors by providing smooth processing and enhanced coordination to stay ahead.

## Gold loan disbursement process at The Model Co-Operative Urban Bank Ltd.

To obtain a gold loan at The Model Co-Operative Urban Bank Ltd. borrowers need to provide gold as collateral, which is evaluated by a certified appraiser who issues a Gold Appraiser Certificate based on the evaluation. Loans are available against any form of gold, but the loan amount offered depends on the purity of the gold. Gold loans do not consider the value of gems and stones, while coins with a purity of 99.99% and up to 50 grams are accepted.

After evaluating the gold—following RBI guidelines and market value—bank personnel determine the maximum loan amount and interest rate and agree on the repayment tenure with the borrower. The bank sanctions gold loans up to ₹ 2 lakhs with bullet repayment facility. For gold loans sanctioned above ₹ 2 lakhs, the borrowers are required to make repayment as per EMI. Once the loan sanction letter is issued, borrowers are expected to repay the loan within the agreed-upon tenure. If they fail to do so, the bank has the right to auction the gold after sending reminders.



## The solution

To address the challenge of gaining visibility into the activities of bank personnel at each level of processing gold loans, The Model Co-Operative Urban Bank Ltd. approached Qntrl partner Start IT Now for a solution—and they recommended Qntrl.

Start IT Now has streamlined the loan processing system at the bank with the help of Qntrl. This helps bank personnel easily access the necessary information to make informed decisions on loan sanctioning, ensuring compliance with RBI regulations.



Qntrl has been immensely useful for the smooth functioning and monitoring of the gold loan process at the bank's end. We can now ensure compliance with RBI regulations, fast track loan approvals, and generate MIS reports for top management evaluation. We are satisfied with the benefits of Qntrl and recommend it to other banks facing similar challenges.

CEO of The Model Co-Operative Urban Bank

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Qntrl's standout features for the bank are the auto-calculation of EMI based on the loan amount, interest rate, and tenure, and automated generation and issuing of the Gold Appraiser Certificate and loan sanction letter for each loan. These features save time and eliminate errors in manual calculations, making the loan processing experience efficient and effective.

02

Start IT Now also built an MIS in Qntrl that provides the bank's top management with specific reports, such as the number of applications received based on time and type of loan, the amount of loan disbursement done, and a Kanban view of all loan applications based on the processing stage. These reports help management make better calls while evaluating the loan processing system.

03

Qntrl ensures complete visibility into sales activities, the loan appraisal process, and the tracking of loans disbursed at various levels. The bank controls loan disbursements and fast tracks the approval process, resulting in a smoother loan processing experience.

04

The automated generation of the Gold Appraiser Certificates and loan sanction letters, using Zoho Writer, for each loan ensures compliance with RBI regulations on loan process norms, such as LTV ratio and market values. This has helped the bank avoid non-compliance penalties and maintain a good reputation in the market.





## The benefits

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The Model Co-Operative Urban Bank's implementation of Qntrl software enabled them to revolutionize their gold loan processing system, turning operational challenges into a competitive advantage. Using Qntrl's automation and analytics capabilities, the bank was able to streamline its loan processing system, reduce turnaround time, and enhance efficiency, providing a seamless customer experience. This resulted in increased customer satisfaction and profitability for the bank.

The successful adoption of Qntrl showcases the transformative impact technology can have on financial institutions—enabling them to optimize their operations and stay ahead of the competition. Overall, The Model Co-Operative Urban Bank's experience with Qntrl serves as a compelling example for other organizations seeking to improve their loan processing systems and gain an edge in the highly competitive financial services industry.





Regardless of your industry or the type of department you work in, Qntrl can help you design, build, and scale automated workflows to meet your unique business needs.

**We'd love to talk! Reach out to us:**

[sales@qntrl.com](mailto:sales@qntrl.com)