

You will soon have access to paperless home loans

IT Ministry Notifies Digitisation Of Mortgage, Property Papers

TIMES NEWS NETWORK

Mumbai: A recent notification by the ministry of electronics & information technology (MeitY) has made it possible to digitise several new types of contracts like mortgages and other property documents that will give a major push to the digitisation of home loans.

"Recently, MeitY has issued a notification which allows home loans to be brought under the digital documentation category. We are still working on that, but that is now a distinct possibility. With vendor and supplier agreements being brought in, the possibilities are endless. I can visualise a situation when any contract can be available in demat form," said National E-governance Services (NESL) MD & CEO Debajyoti Ray Chaudhuri.

He was speaking at the Indian Banks Association's banking technology conference in Mumbai on Saturday. NESL provides a digital documentation execution service for banks that enab-

WHY MeitY'S MOVE IS SIGNIFICANT

> Possible now to shift to fully online property transactions, **if stamp & registration (state govt) laws are also amended**

> This would cut **costs in real estate & land records offices**, besides giving huge boost to their modernisation

> **'Presence-less' registrations** as well as e-execution of agreements would become easier



> Digital title deeds/sale agreements can be maintained as **valid land records**

> Such a system would also make it far easier & quicker for banks & fin cos to **disburse loans electronically after online verifications**

> Lenders will find it **faster & smoother to file loan recovery suits**, if needed

> Future use cases include **natural language processing** (like in the UK), or blockchain technology (Source: Nasscom)

les contracts to be made electronically.

Bank CEOs now expect digital or straight-through lending to dramatically increase its share in bank credit. SBI chairman Dinesh Khara said that the lender has built a loan portfolio of Rs 65,000 crore by enabling customers to borrow with a few clicks on the bank's mobile app Yono. "We expect the portfolio to cross Rs 1 lakh crore this year. Besides this, in-principal approval for car loan, gold lo-

an and home loan is being provided online," he said.

In addition to digital documentation, what has made online lending possible for banks is the availability of data — both structured & unstructured — and credit scores. Banks are also using technology that will take into account unstructured data, including from social media, that will help them build up credit profiles. According to Khara, SBI has had 'phenomenal' data since 2005,

which could be used for risk management and analytics for various purposes.

According to Bank of Baroda MD & CEO Sanjiv Chadha, in the last three years, the bank has managed to grow its business by 34-40%, while its branch network has shrunk by 15% and employee headcount was steady. "The usual link between a growing business and growing physical footprint has been broken forever," said Chadha.

IDFC First Bank MD & CEO V Vaidyanathan said digital banking is helping to address one of the paradoxes in banking where those who take smaller loans pay higher prices because of the cost of operations. Vaidyanathan said that with digitisation, fudging of identity documents and bank statements has come down. "Earlier, banks monitored the loan portfolio every month, while now they can do it on a real-time basis. Collections have become easier as customers now get a UPI link. At every stage, the ecosystem is dramatically changing," said Vaidyanathan.