

Collection

- Our system all collection details are maintain with this module.
- Collection Add page displays only Active contracts.
- There are 5 collection method

1 . Cash

The cash collection method is a fundamental process for recording payments made in physical currency. It involves the receipt of cash, generation of a receipt, and updating the corresponding loan contract.

Process

1. **Customer Payment:** A customer presents a cash payment for their loan installment.
2. **Cash Verification:** The cashier or collection agent verifies the amount tendered by the customer.
3. **Receipt Generation:** The system generates a cash receipt detailing the following:
 - Unique receipt number
 - Date of payment
 - Amount received
 - Customer name and account number
 - Payment description (e.g., installment, arrears, etc.)
4. **Cash Handling:** The collected cash is securely stored or deposited into the designated cash register or bank account.
5. **System Update:** The system records the cash payment against the customer's loan contract, updating the balance accordingly.

2 . Bank Wire

The Bank Wire collection method is used to record payments made by customers through electronic bank transfers. This method typically offers two approaches for data input: linking existing bank statements or manually entering payment details.

Method 1: Linking Bank Statements

- **Purpose:** To automate the process of identifying and recording bank wire payments by directly importing data from bank statements.
- **Process:**

1. The system allows users to upload or import bank statements in a specific format (e.g., CSV, PDF).
 2. The system analyzes the bank statement data to identify transactions related to loan repayments.
 3. Identified transactions are matched with corresponding loan accounts based on account numbers or other reference information.
 4. The system creates collection records for the matched transactions.
- **Benefits:** Increased efficiency, reduced manual data entry, and improved accuracy.

Method 2: Manual Entry

- Users manually input payment details into the collection form.
- Information typically includes:
 - Payment date
 - Amount received
 - Bank transfer reference number
 - Customer account number
 - Any relevant remarks or notes
- The system creates a collection record based on the entered information.

3. Collateral Disposal

The Collateral Disposal collection method involves processing the proceeds from the sale of seized collateral to offset the outstanding loan balance. The outcome of the process depends on the relationship between the sale amount and the outstanding balance.

- The seized collateral is sold through appropriate channels.
- The system records the collateral sale as a collection under the "Collateral Disposal" method.
- The system calculates the remaining outstanding balance after deducting the sale proceeds from the original loan amount.

Contract Status Update:

- **Scenario 1: Sale Proceeds Equal Outstanding Balance**
 - If the sale proceeds exactly match the outstanding balance, the loan is considered fully repaid.
 - The system closes the loan contract and updates the status accordingly.
- **Scenario 2: Sale Proceeds Less Than Outstanding Balance**
 - If the sale proceeds are less than the outstanding balance, the loan remains active.
 - The system updates the loan balance to reflect the reduced amount.
 - The customer is responsible for paying the remaining balance according to the original repayment schedule or revised terms, if applicable.

4. Litigation recovery

The Recovery collection method is designed to account for lump sum payments made by customers to settle outstanding debts. These debts typically arise from missed or delayed payments on the original loan contract.

- Over time, due to missed or delayed payments, a customer accumulates a balance of unpaid installments.
- The customer decides to make a one-time payment to clear the accumulated debt.
- The system calculates the total amount of arrears and deducts the recovery payment from it.

Contract Status Update:

- If the recovery payment fully covers the outstanding arrears, the loan account is updated to reflect the zero balance. Depending on the system's configuration, the contract might be closed or marked as recovered.
- If the recovery payment is partial, the loan account balance is reduced accordingly, and the customer is responsible for paying the remaining balance as per the original or revised repayment schedule.

5. Early/Late Closure

The Early/Late Closure collection method is used to finalize a loan contract before its scheduled term. This typically occurs when a borrower decides to pay off the entire loan balance in either ahead of schedule (early closure) or after the contract's end date (late closure).

Process

1. **Closure Request:** The customer initiates a request to close the loan account.
2. **Balance Calculation:** The system calculates the outstanding loan balance, including any accrued interest and penalties.
3. **Final Payment:** The customer makes a final payment to cover the entire outstanding balance.
4. **Collection Entry:** The system records the final payment under the "Early/Late Closure" collection method.
5. **Contract Closure:** The loan contract is marked as "closed."
6. **Interest and Penalty Calculations:**
 - **Early Closure:** Some loan contracts may include prepayment penalties. If applicable, the system calculates and deducts the penalty from the final payment.
 - **Late Closure:** Interest continues to accrue on the outstanding balance until the final payment is made. The system calculates and adds the accrued interest to the final payment.
7. **Account Closure:** The loan contract is closed, and any remaining balance (surplus or deficit) is adjusted accordingly.

Loan Penalty

A loan penalty is a financial charge imposed on a customer for breaching the terms of a loan agreement. This typically occurs when a customer fails to adhere to the repayment schedule, such as missing a payment or making a late payment. Penalties can vary widely depending on the lender and the specific terms of the loan agreement.

Loan Accrual

Loan accrual in this context refers to the calculation of interest that accumulates between the last scheduled payment date and the actual date of early loan closure. Since the borrower is paying off the loan ahead of schedule, they avoid paying interest for the remaining term of the loan. However, they are still liable for the interest accrued during the period between the last payment and the early closure date.

The accrual is added automatically when the contract is refinanced.

Example:

- Loan payment due date: 5th July
- Early loan closure date: 10th July
- Accrual period: 5 days (6th to 10th July)

The lender calculates the interest for those five days and adds it to the final payment amount. This ensures that the lender receives interest for the actual usage of the funds.

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