Technovative
Consulting Services

Designing Operations, Tech-Stack, Compliance and Reconciliation for a 20:80 Gold Loan Co-Lending Partnership

Client: Two NBFCs Entering a Gold Loan Co-Lending Partnership

Problem Statement:

Two NBFCs had agreed in principle to launch a 20:80 gold loan co-lending program, with the originating NBFC retaining 20% of every loan on its books and the partner NBFC funding the remaining 80%, in line with the RBI co-lending model. However, neither institution had the operating infrastructure in place to actually run the program:

- **No Joint Operating Process:** There was no defined, end-to-end workflow covering how a loan would be sourced, appraised, and disbursed jointly across two separate NBFCs.
- **Disconnected Systems:** The originating NBFC's loan origination and management systems had no integration with the partner NBFC's systems, meaning loan and repayment data would have to be exchanged manually.
- **No Compliance Framework:** Neither party had a documented, RBI-compliant co-lending agreement, KYC/credit documentation standard, or audit trail covering the joint lending relationship.
- **No Reconciliation Mechanism:** There was no process to match disbursements, collections, and outstanding balances between the two NBFCs' books on an ongoing basis.

The two NBFCs approached Technovative Consulting to design the complete operations, technology, compliance, and reconciliation framework needed to launch and run the co-lending program.

Solutioning:

Technovative Consulting designed an end-to-end co-lending framework spanning operations, technology, compliance, and reconciliation, which included the following components:

Co-Lending Operating Model Design:

1. **Joint Workflow Design:** Defined the end-to-end operational workflow for sourcing, credit appraisal, and disbursement, covering how the 20:80 split would be executed on every loan.
2. **Credit Policy Alignment:** Facilitated alignment of the originating and partner NBFC's credit policies so joint appraisal decisions could be made consistently.

Tech-Stack and API Integration Architecture:

1. **System Integration Design:** Designed API-based integration connecting the originating NBFC's loan origination and management systems with the partner NBFC's systems for real-time exchange of sourcing, disbursement, and collection data.
2. **Escrow and Fund Flow Design:** Defined the escrow account structure and fund flow mechanics to execute the 20:80 disbursement split in line with RBI co-lending guidelines.

Compliance and Documentation Framework:

1. **Governing Agreements:** Built RBI-compliant co-lending agreement templates and joint KYC and credit documentation standards for both NBFCs.
2. **Audit Trail:** Established audit trail requirements across both institutions so every loan in the co-lending book remained fully traceable and compliant.

Reconciliation Process Design:

1. **Daily Reconciliation:** Designed a daily reconciliation process matching disbursements, EMI collections, and outstanding balances between both NBFCs' books.
2. **Exception Handling:** Built a defined exception-handling process for mismatches, so discrepancies were flagged and resolved before they compounded.

Governance and Escalation Framework:

1. **Joint Governance Committee:** Set up a joint governance committee and escalation matrix for both NBFCs to periodically review portfolio performance, compliance, and operational issues.

Impact:

1. **Launched a Single, Auditable Operating Model:** Enabled the two NBFCs to go live on the 20:80 co-lending program with one clearly defined operating model spanning both institutions.
2. **Real-Time System Integration:** API-based integration between both NBFCs' loan systems replaced manual data exchange with real-time sourcing, disbursement, and collection data flow.
3. **Audit-Ready Reconciliation:** A daily reconciliation process kept both NBFCs' books matched and audit-ready, with a defined process for resolving exceptions.
4. **RBI-Compliant Governance:** Delivered a documented, RBI-compliant governance and compliance framework covering the full co-lending lifecycle for both partners.

Conclusion:

Technovative Consulting helped two NBFCs move from a co-lending agreement in principle to a fully operational 20:80 gold loan co-lending program. By designing the joint operating workflow, the tech-stack integration between both institutions' systems, the RBI-compliant compliance framework, and a daily reconciliation process, Technovative gave both partners a single, auditable model to scale the co-lending book with confidence.