



White Paper
Digital KYC Transformation at
Bajaj Auto Credit Limited

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1. Introduction

Overview of Bajaj Auto Credit Limited (BACL)

Bajaj Auto Credit Limited (BACL) leads India's Non-Banking Financial Company (NBFC) sector. The resolute focus of BACL is on providing accessible financing solutions for the purchase of Bajaj two-wheeler and three-wheeler vehicles. The vision is deeply rooted in promoting financial inclusion, offering loans to a diverse customer base that spans urban hubs and rural communities alike. By understanding the varied needs of our customers, BACL has ensured that our financing solutions reach those who need them most, thus driving economic mobility and growth throughout India.

Purpose of the White Paper

This white paper outlines BACL's groundbreaking initiative to transition the Know Your Customer (KYC) process from a largely manual system to a fully digital, automated experience. We will outline the operational challenges faced with our traditional KYC methods, explain the benefits of adopting a Digital KYC framework, and highlight the tangible impact of this transformation on both customers and internal operational efficiency. This document serves as a blueprint for similar NBFCs looking to modernize and streamline their customer verification processes.

2. Company Overview

Company Name and Business Model

Bajaj Auto Credit Limited has imprinted out a position within the NBFC by catering to the needs of those seeking financing for Bajaj vehicles. Our business model thrives on strategic partnerships with dealerships across the country, offering affordable loan products that enable our customers to purchase vehicles with ease. This enhances vehicle sales and empowers customers by facilitating a seamless, hassle-free loan approval process.

Loan Process and Evaluation Criteria

At BACL, our loan approval process is underpinned by a prosperous evaluation framework. We assess our customers' financial capabilities by analyzing several key factors, including credit scores, employment status, income verification, and an in-depth examination of financial statements. This careful assessment ensures that only those with the ability to meet their financial obligations are approved, thus mitigating risk and fostering timely EMI repayments.

3. Project Overview: DI - A&V

Project Aim and Objectives

The Digital Verification project purposes to renew the traditional customer onboarding process by automating and digitizing customer verification procedures. The initiative pursues to meet the regulatory prerequisites outlined by the Reserve Bank of India (RBI), which mandates that NBFCs implement a fully digital loan journey. By doing so, BACL ensures greater compliance, efficiency, and customer satisfaction.

Current know your customer Process and Limitations

The existing customer onboarding process relies on manual inputs and physical documentation, with some support from regulatory system , While the regulator system allows for secure document storage and retrieval, the absence of real-time customer photo capture and automated verification systems leaves room for inefficiencies, errors, and delays in loan processing. These limitations highlight the need for a more comprehensive digital approach.

4. Proposed Digital Process

Description of New Digital Methodologies

The proposed **DI - A&V project** incorporates several state-of-the-art methodologies aimed at addressing the inefficiencies of the current system. These include:

- **Regulator Integration:** This enhanced integration enables real-time capture of live customer photos while securely retrieving official documents such as Aadhaar cards and driving licenses.
- **DI - A&V Verification:** By automating the verification of Officially Valid Documents (OVDs) and incorporating live photo capture, the system ensures higher accuracy and authenticity in customer verification.

Implementation Timeline

In just 30 days, BACL successfully transitioned from a manual KYC process to a fully automated Digital KYC system. This rapid implementation underscores the company's commitment to embracing innovation and ensuring regulatory compliance while minimizing disruption to ongoing operations.

5. Benefits of the Digital Solution

Transition from Manual to Digital

With the alteration from manual to digital processes, corporation has significantly reduced the need for paper-based verification, thus, cutting operational costs and reducing processing times. The automated system streamlines tasks, reduces human error, and allows our team to focus on higher-value activities.

Error Reduction and Fraud Prevention

Automation brings with it a enhanced level of accuracy. The integration of AI-driven technologies, including facial recognition and OCR (Optical Character Recognition), minimizes the risk of human error and introduces advanced fraud detection mechanisms, safeguarding both the company and its customers.

Customer Convenience and Environmental Sustainability

By eliminating the need for physical document submission, the digital process enhances customer convenience. Customers can complete the entire KYC process remotely, without the hassle of visiting physical branches. Moreover, the reduction in paper usage supports BACL's commitment to environmental sustainability, contributing to a greener future.

Enhanced Productivity

Automated workflows allow for quicker customer onboarding, ensuring a faster loan approval process. As a result, customer satisfaction levels rise, and BACL's operational efficiency improves.

6. Project Goals

Efficiency and Speed

The digital process aims to reduce the time taken for customer verification from several hours to mere minutes. This acceleration in processing time directly enhances the customer experience and enables faster loan disbursements.

Cost Reduction

By implementing paper-less processes and minimizing manual interventions, the **DI - A&V** solution helps BACL achieve substantial cost savings.

Data Integrity and Fraud Prevention

Automated checks ensure the highest levels of data integrity, while advanced fraud detection systems, including document verification and live photo capture, protect customer information from possible misuse.

Regulatory Compliance

The project is entirely aligned with RBI's guidelines for digital transformation in the NBFC sector, ensuring BACL remains at the forefront of regulatory compliance.

7. Uniqueness of the Project

Advanced Technologies Utilized

BACL's **DI - A&V** solution leverages cutting-edge technologies such as AI, machine learning, and OCR to enhance document verification and identity authentication processes. These technologies ensure smooth and secure customer experience.

Dual Approach of KYC Processes

By integrating both with regulatory system and the **DI - A&V platform**, BACL offers flexibility to customers, allowing them to choose the verification method that best suits their needs. This dual approach ensures inclusivity and accessibility for customers from diverse backgrounds.

Rapid Implementation

The implementation of the Digital KYC process in just 30 days reflects BACL's agility and ability to adapt quickly to evolving technological landscapes, a trait that sets the company apart in the traditionally conservative NBFC sector.

8. Software and Technologies Used

Overview of Key Technologies

The digital transformation is operated by AI-driven Optical Character Recognition (OCR), facial recognition software, and advanced integration tools. The process relies on APIs, including regulator API for document retrieval and Salesforce (SFDC) for loan management and data integration.

Integration with Existing Systems

The new **DI - A&V** framework is seamlessly integrated with BACL's Loan Origination System (Salesforce), allowing for smooth transitions and improved data management capabilities.

9. Project Description

Detailed Processes Implemented

Regulator Process:

- Following mobile verification and customer consent, OVDs are retrieved through regulator System with real-time photo capture and OTP verification to ensure authenticity.

Digital KYC Process:

- This process involves API-based document verification, real-time photo capture, geolocation tagging, and OCR for data validation.
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10. Project Results

Automation Success Metrics

Currently, over 70% of KYC processes are automated, with BACL targeting a 95% automation rate through continued enhancements in Digital KYC and OCR technologies.

Time and Cost Savings

The shift to **DI - A&V** has resulted in substantial time savings, with onboarding times significantly reduced. Additionally, cost savings have been achieved through the reduction of manual labor and paper-based processes.

Customer Satisfaction and Environmental Impact

Faster onboarding times and improved convenience have led to higher customer satisfaction. Furthermore, the reduction in paper usage aligns with BACL's sustainability goals, helping to minimize its environmental footprint.

11. Challenges Faced During Implementation

Training Needs

Given the high attrition rates in the financial sector, BACL implemented continuous training programs to ensure the sales teams remained proficient in the new digital processes.

Technical Integration

There were hurdles in integrating several technologies, such as Salesforce and Regulator system, into a cohesive solution. Nonetheless, these difficulties were successfully handled with committed technical assistance and a proactive strategy.

12. Geographic Reach

Overview of BACL's Operations

The operations of BACL span across Tier 1, Tier 2, and Tier 3 cities. The corporation is committed for providing financial access to a broad demographic, ensuring that both urban and rural customers benefit from its services.

Impact of Digital KYC on Diverse Customer Base

The **DI - A&V** project has been instrumental in making BACL's services more accessible, particularly for customers in rural areas, who can now complete the KYC process from their comfort.

13. Conclusion

Summary of Key Findings

The **DI - A&V** transformation has resulted in significant operational improvements for BACL. Key perks include increased efficiency, cost savings, enhanced fraud prevention, and improved customer satisfaction. The project has streamlined internal processes and aligned BACL with global best practices in digital customer verification.

Future Outlook for Digital Transformation at BACL

Anticipating, BACL remains committed to embracing digital innovations, with plans to further expand its digital capabilities. By continually evolving its services and leveraging emerging technologies, BACL aims to prevail in the NBFC sector and offer exceptional customer experience.
