

FINZEY LOAN PROCESS

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Introduction & Process Flow

Customer = Client which will come to FINZEY for loan.

FINZEY = Loan Providing Company (lender).

EIGER = Commodity Trading Company (Commodity Market Platform).

LMS = Loan Management Software which will be used by FINZEY to initiate all loan processes.

HAL = ERP used by FINZEY and a Mediator to communicate between EIGER-LMS

Loan Process: Customer applies for Loan to FINZEY. As per Shariah process to give Loan, one should own the Commodity first. As soon as Loan Request is initiated, FINZEY will buy the Commodity. Once Commodity is purchased and FINZEY gets Commodity on its NAME, then Loan process is moved forward i.e., signing an agreement between FINZEY and CUSTOMER. Once this is completed, then Commodity is transferred from the name of FINZEY to CUSTOMER. Now Commodity will be sold on behalf of CUSTOMER. The sold amount will be handed over to CUSTOMER as request Loan Amount.

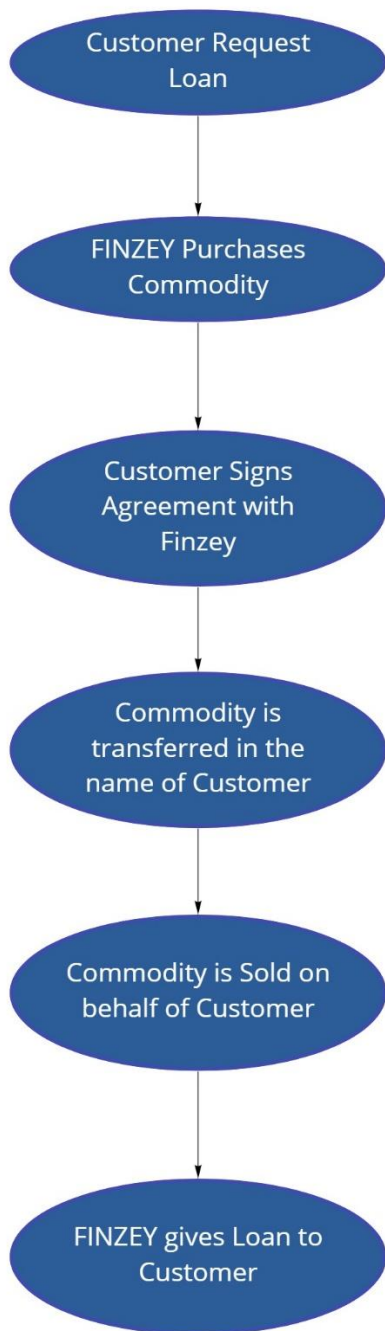


Fig: Loan Process Overview

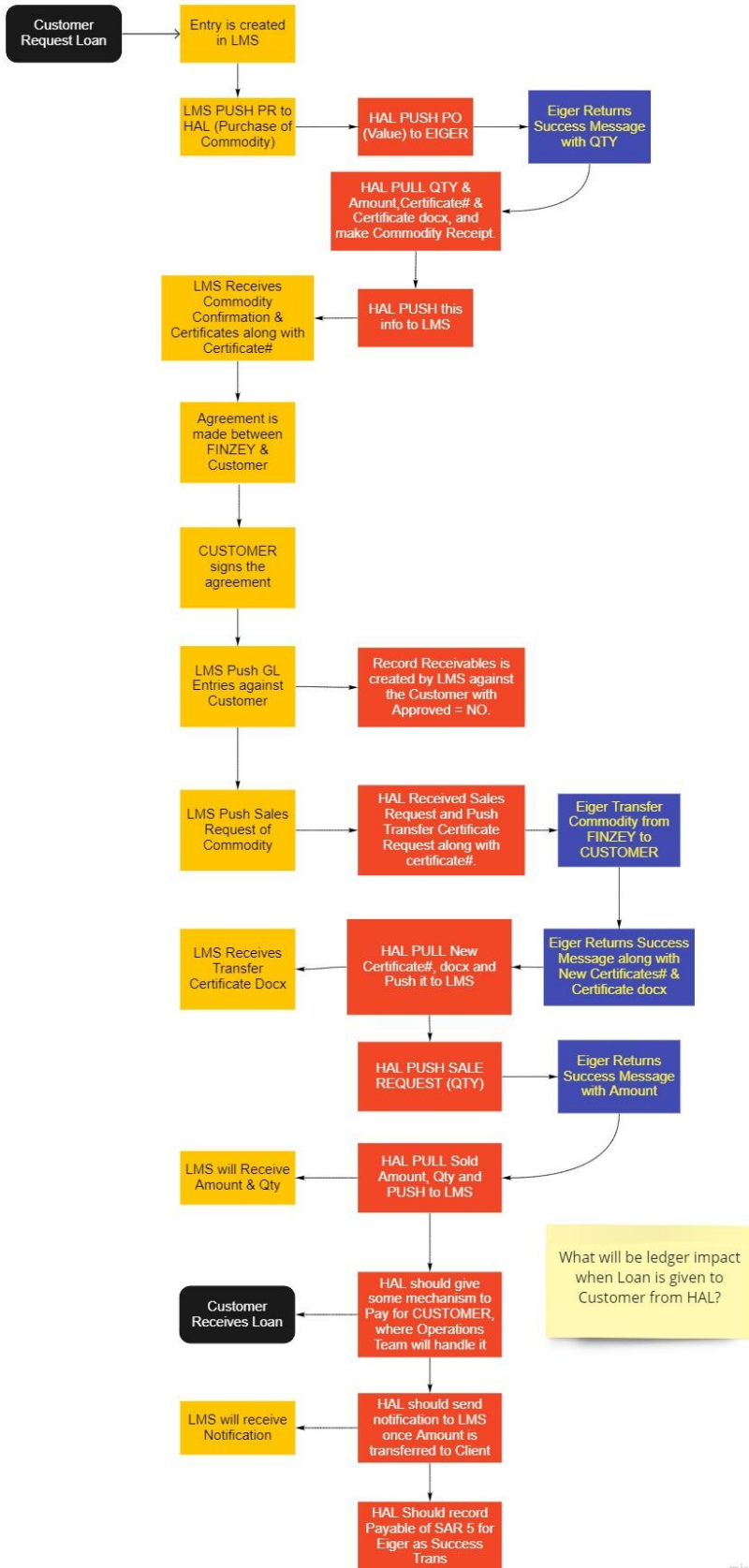


Fig: Detailed Loan Process

Process Explanation:

1. Customer comes to Finzey asking for Loan.
2. User creates Loan Request in LMS with required Amount. At the same time User selects Vendor ID & Product ID. This Vendor ID & Product ID along with "LMS Loan Reference Number" and Amount will be PUSHED into HAL system as Purchase Request. Here "**LMS Loan Reference Number**" will be the primary key to communicate any response back from HAL.
3. HAL should push this as PO to Eiger. (Please check Purchase Request Document in Eiger API).
4. Eiger Returns Success / Failure Message with its own "**Docnum**". This "**Docnum**" be used as primary key to communicate with Eiger related to this transaction.
5. If success message is received, HAL should collect the Commodity Qty from Eiger, as well as some document which it will send if successful. (Please check Purchase Confirmation Document in Eiger API). Only at this stage Commodity Quantity will be known to HAL.
6. HAL Should make only Item Receipt, but no Purchase Invoice. And use "**Eiger docnum**" in Item Receipt. Also, reserve this Commodity against which it was purchased i.e., "**Loan Reference Number**".
7. HAL should push Qty info & Documents to LMS against the "**Loan Reference Number**" (LMS will provide API docx).
8. Now user will receive this info in LMS and ask the client to sign contract.
9. Once client signs the contract, LMS will pass the GL Entries against the customer in Record Receivables. (HAL will provide the API for it)
10. Then LMS will initiate Sale Request to HAL i.e., LMS will PUSH Sale Request to HAL against "**LMS Loan Reference Number**". (HAL Will provide Sale Request API Document).
11. Now HAL will initiate 2 things to Eiger. One API to transfer of Commodity in the name of Customer and other API of Sales to Eiger using "Eiger Docnum" for same "Loan Reference Number". (Please check "Transfer Certificate" & "Sale Request" API Document in Eiger API). Here in Sale Request, HAL will push the **QTY** to EIGER. And in return EIGER will give the **AMOUNT** of it.
12. Eiger will return back Success / Failure message. If success, then Amount and documents will be given as a response message from Eiger. HAL should pull this info and store it.
13. HAL should make Delivery Note against Eiger with the Qty & amount. HAL should pass this response to LMS as "sold" along with documents against the "**LMS Loan Reference Number**".
14. HAL should give new form or screen where it will guide User to Pay customer the Requested or Approved Loan. Here end user will filter the records which are non-paid and make an entry in HAL system for Payment to Customer. Basically two new things i.e., one to know paid or unpaid customer report and other to Pay for Customer. Once Paid, report should be updated to paid.
15. Once Amount is transferred to client (After entry is made in system), HAL should notify to LMS about payment done against the "LMS Loan Reference Number".
16. HAL should also record payable of SAR 5 against EIGER VENDOR.

17. There can be multiple vendors or Commodity which is currently out of scope but it will be added in later stages.

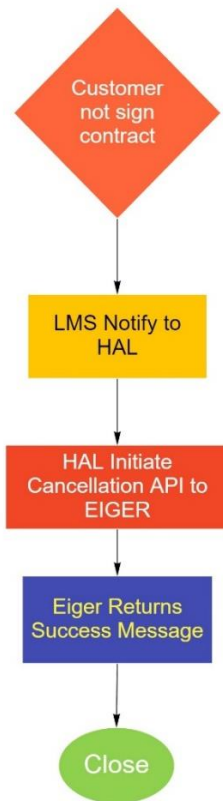
This is the complete HAPPY FLOW.

Points to be considered:

1. Customer Master to be in Sync with same id, name etc. between HAL & LMS.
2. Vendor ID & Product ID to be synch with same id, name etc between HAL & LMS.
3. There will be some other fields as per API requirements.
4. Commodity purchased against same "LOAN Reference Number" can be used with other "Loan Number".
5. There will be 100's of transactions running in parallel of same cycle with different scenario as there will be huge customer service team who will be handling this loan process.

There are different types of Scenarios

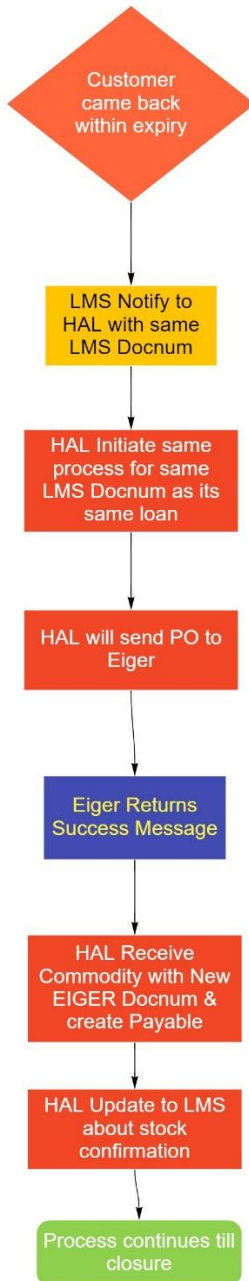
Scenario 1: Customer did not sign the contract on same day. Usually, customer has to sign the contract within specified time by today (3-4PM). But due to delay from its side or software side, CUSTOMER didn't sign the contract then below action should be taken.



Here HAL will initiate "Cancellation API provided by EIGER" as Purchase Return with Commodity as well as reverse the Payables. This should be done against the same "**Loan Reference Number**" and "**Eiger Docnum**".

Here notification should be given to the user (it will be informed later), for which ever Commodity are returned. The transaction should be completed on the same, else it will be a loss. So for this reason, if Customer did not respond back the same day by 3 – 4 PM, then above scenario has to be performed. Also there should be a manual option given for Purchase Return against the same "LOAN Reference Number".

Scenario 2: Customer Comes back within the specified duration. Here customer will be given a certain time limit to come back which vary from 15 days – 1 Month. If customer comes back in the specified duration (not on same date of transaction initiation), then flow should be-



- LMS will PUSH PR to HAL with same “LOAN Reference Number”.
- HAL will send PO to EIGER and receive “**NEW EIGER DOCNUM**”. HAL Should store this NEW EIGER Docnum for transaction with Eiger related to this “LMS Loan Reference Number”.
- Now the process continues in same way till closure.

Scenario 3: Customer comes back After Expiry. Process should be started as fresh or New Loan Number. It all begins with NEW LMS Loan Reference Number and continues till closure. If in between delay in signing the contract etc, then respective scenarios will appear.

Scenario 4: Customer makes Payment. After loan is given to customer, at its first payment date, customer pay's the amount, then LMS will push the Receive Payment Entry (HAL will provide the API). – ULS to check feasibility for API.

Scenario 5: Customer makes Late Payment. If loan was given to Customer & during installment payment time, if customer delays it, then it will be handled by??? -- LMS Side

Scenario 6: Customer makes Early Settlement. If loan was given to Customer & during installment payment time, if customer wants to pay early, then it will be handled by??? -- LMS Side

Scenario 7: Customer cancels after Loan is approved or given. Let's say Loan was approved and GL entries are passed by LMS into HAL. Then it will be handed by??? -- LMS Side

Scenario 8: If any of the website is down i.e., HAL, Eiger, LMS, then??? -- NA

Scenario 9: If No Commodity in Eiger, then??? -- Other Vendors.

Scenario 10: If Commodity didn't sold to Eiger or Eiger didn't accept Cancellation on same day due to website down or delay in making cancellation Request, then??? -- Manual option to reinitiate cancellation process.

API Mechanism along with Transaction Flow

Purchase Flow:

- A. LMS initiate Purchase Request to HAL:** LMS will PUSH Purchase Request to HAL using API and below are some mandatory fields.
1. **Client Code = F020** is text field & fixed.
 2. **LMS Loan Reference Number = LMS Transaction number.** It can be repeated or duplicate. This will be the Primary Key along with Customer ID to communicate back to LMS.
 3. **Seller = EIGER** is text field & fixed. Its usually Vendor which end user will select in LMS.
 4. **Product Code = PL1** is text field & fixed.
 5. Commodity = Commodity Master (Inventory) which end user will select in LMS.
 6. Purchase Price = Loan Request Amount (Principal) which is numerical.
 7. **Currency = SAR** is text field & fixed.
 8. Settlement Date = Date of transaction.
 9. Customer = Customer ID or Customer Name which is text field.

Response Message from HAL: HAL should send response message as receipt of all required info along with HAL's Transaction Number.

If Vendor is EIGER, then following API's should be called by HAL:

- B. HAL initiate Purchase Request to Eiger:** HAL will initiate Purchase Request to Eiger using API 5.3.5 of Eiger Documentation & below are the fields. LMS will forward this info to HAL & then HAL will forward to EIGER.
1. **Client Code = F020** is text field & fixed.
 2. **Seller = EIGER** is text field & fixed. Its usually Vendor which end user will select in LMS.
 3. **Product Code = PL1** is text field & fixed.
 4. Commodity = Commodity Master (Inventory) which end user will select in LMS.
 5. Purchase Price = Loan Request Amount (Principal) which is numerical.
 6. **Currency = SAR** is text field & fixed.
 7. Settlement Date = Date of transaction.
 8. Customer = Customer ID or Customer Name which is text field.

Response Message from EIGER: See EIGER Documentation 5.3.5. EIGER responds following info:

1. Result = With Result Code { 200 = Success ; 500 = Invalid Request ; 400 = Validation Error}
2. Result Description = Description of Result.
3. Reference ID = EIGER Unique Transaction Reference Number, which will be unique and the same will be used till this transaction is closed with EIGER. This will be the primary key for communication with EIGER.
4. Quantity = At this stage Quantity will be know i.e., Qty allocated to the Principal or Purchase Value.
5. UOM
6. Unit Price = Unit Price of Commodity.
7. **Currency = SAR**, fixed all time.

Once Success Message is received from EIGER about the Commodity Availability, HAL should send another API confirming the Purchase to EIGER.

- C. HAL Confirm Purchase to EIGER:** See section 5.3.6 of Eiger Documentation. At this stage Commodity Qty is received by HAL which should be kept as reference to be used only in this transaction when required to sold i.e., Qty purchased in this transaction has to be sold with REFERENCE ID of this transaction only. HAL should push following info to EIGER
1. **Reference ID** = Received from EIGER in earlier Response Message
 2. **Client Code** = **F020** which is fixed if EIGER is the VENDOR.

Response Message from EIGER: See section 5.3.6 of Eiger Documentation.

1. Result = With Result Code {200 = Success; 500 = Invalid Request; 400 = Validation Error}
2. Result Description = Description of Result.

D. HAL will Download Documents from EIGER:

1. At this stage HAL should also download the Document Number & Documents file via Document API and store it.

E. HAL Confirm Commodity Purchase to LMS: Now HAL should Push following info to LMS as confirmation that commodity is purchased

1. LMS Loan Reference Number = This will be the Primary Key used for communication with LMS.
2. Qty = Purchase Qty
3. Amount = Purchase Amount from Eiger
4. Document Number = Received in **D Stage**
5. Reference ID = Eiger Reference ID.
6. HAL Transaction Number.
7. Documents File = All the documents received from EIGER in **D Stage** should be forwarded to LMS.

Response Message from LMS: LMS will confirm the receipt of info.

Sale Flow:

A. LMS initiate Sales Request to HAL: Once the agreement is signed by the customer, LMS will push Sales Request to HAL with following fields:

1. **Reference ID: Eiger Reference Number**
2. **LMS Loan Reference Number**
3. **Client Code = F020, is Fixed if its EIGER.**
4. **Third Party Buyer = FALCON, is fixed if its EIGER.**
5. Qty = Qty to be sold.
6. Amount = Amount for which stock was Purchased.
7. Client Code = F020 is fixed, if its Eiger.
8. Third Party Buyer = FALCON, is fixed if vendor was EIGER.
9. Customer = Customer ID or Name who is actually Borrower or Loan Requester.

Response Message from HAL: HAL should give a confirm receipt status.

B. HAL initiate Transfer Notice to EIGER: As Commodity is being sold on-behalf of customer, before that it should be transferred from FINZEY's name to CUSTOMER Name. See section 5.3.7 in Eiger Documentation.

1. **Reference ID = Eiger Reference Number**, which was received upon purchase of commodity.
2. Client Code = F020 is fixed, if its EIGER.

Response Message from Eiger: See Section 5.3.7 of Eiger Documentation

1. Result = With Result Code {200 = Success; 500 = Invalid Request; 400 = Validation Error}
2. Result Description = Description of Result.

C. HAL initiate Sales Request to EIGER: Now commodity will be sold on-behalf of Customer, so based on this HAL will initiate Sales Request to Eiger will following info. See section 5.3.8 of Eiger Documentation:

1. **Reference ID: Eiger's transaction Reference number** which was provided while purchasing the commodity, as same stock has to be sold against the same LMS number.
2. **Client Code = F020**, is fixed was it was purchased from EIGER.
3. **Third Party Buyer = FALCON**, is fixed as it was purchased from EIGER.

Response Message from Eiger: See Section 5.3.8 of Eiger Documentation

1. Result = With Result Code {200 = Success; 500 = Invalid Request; 400 = Validation Error}
2. Result Description = Description of Result.

D. Confirm Sales to EIGER: Now commodity sales will be confirmed where commodity Qty will be removed from HAL as sold Qty. Following info should be PUSHED to EIGER. See section 5.3.9 of Eiger Documentation:

1. **Reference ID: Eiger's transaction Reference number**
2. **Client Code = F020, is fixed,** as it was purchased from EIGER.

Response Message from Eiger: See Section 5.3.9 of Eiger Documentation

1. Result = With Result Code {200 = Success; 500 = Invalid Request; 400 = Validation Error}
2. Result Description = Description of Result.

In this complete Procurement & Sales Process there will be no Payable or Receivable recorded. It only deals with Qty and Amount of Commodity. On complete of this cycle, a Payable of SAR 5 (Varies from Vendor to Vendor) will be recorded by HAL automatically.

E. HAL Collect Documents from EIGER: After commodity is sold on-behalf of CUSTOMER, HAL should download all the available documents, documents numbers. See section 5.3.11, 5.3.12, 5.3.13 of Eiger Documentation.

F. HAL Forward Documents to LMS: HAL should push following info to LMS against Loan Reference Number:

1. Document Number
2. Documents File

G. HAL Record Payable Against Vendor: After successful flow, HAL will record a payable of SAR 5 (It can alter, so ability to enter this amount in Vendor Master) should be auto created by HAL with reference to LMS Loan Reference Number, Vendor ID, EIGER Reference Number and HAL Document Number.

Payment to Customer or Disbursing the Loan to Customer:

A. Ability to see Unpaid Loan: HAL should provide a report where end user can see the Principal Loan Amount or Eiger Commodity Purchase Value which should be given as Loan to Customer. User will filter Status = Unpaid, then system should show following info on screen or report:

1. Customer ID & Name
2. Bank Detail (IBAN, Bank Name, Swift Code, Branch Code)
3. Customer Iqama or any info.

Here end user will filter and export to excel, in order to make payment from Company's Bank Account to Customer Bank.

- B. Ability to make Payment for Customer:** HAL should provide a form where end user will record payment entry from Company's bank account to Customer Bank Account. Once its recorded, above entry will be marked as PAID Automatically.
- C. Notification to LMS:** Once Payment is made to Customer using HAL, then HAL should send status of transfer of funds to Customer Bank Account to LMS. Here, LMS will provide the API.

Record Receivable Flow:

- A. LMS will Push GL Entries against Customer:** LMS will Push following info into HAL. HAL should provide the API.
 1. LMS Loan Reference Number
 2. Customer ID & Name
 3. Multiple GL's with Amount.
 4. Approved = Yes
 5. Date
 6. Tax Rate.

If any other info that LMS wants to push can be provided.

Response Message from HAL: Confirmation of Received info along with Receivable Document Number.

Customer Make Payment at intervals:

- A. LMS will PUSH Receive Payment Entry:** Following info will be pushed by LMS
 1. Record Receivable Number = Received Earlier while passing GL Entries.
 2. Date = Payment Receipt Date
 3. Customer ID & Name
 4. Received Amount.

Response Message from HAL: Confirmation of received info.

Customer SOA in HAL: It will be shown in HAL as all Receivables & Collection are pushed by LMS into HAL.

Vendor SOA in HAL: It will be shown in HAL

Purchase Return or Commodity Cancellation Flow:

A. LMS Commodity Cancellation or Purchase Return info to HAL: At any point of time if Customer didn't sign the contract or didn't agree then LMS will push Purchase Return or Commodity Cancellation to HAL with following info. The same stock should be returned which was purchased against this transaction.

1. LMS Transaction number
2. Eiger Reference Number
3. HAL Document Number.
4. Vendor ID
5. Client Code = F020 is fixed, if Vendor is Eiger
6. Commodity Code
7. Amount
8. Qty

Response Message from HAL: Confirmation of received info.

B. HAL initiate Commodity Cancellation to EIGER: See Section 5.3.10 of Eiger Documentation. The same stock should be returned which was purchased against this transaction.

1. Reference ID = Eiger Reference ID
2. Client Code = F020, is fixed if Vendor is Eiger

Response Message from EIGER: See section 5.3.10 of Eiger Documentation

1. Result = With Result Code {200 = Success; 500 = Invalid Request; 400 = Validation Error}
2. Result Description = Description of Result.